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Japan

U.S. Framework Trade Talks Remain 'Deadlocked'

OW3011021293 Tokyo KYODO in English 0149 GMT 30 Nov 93

[Text] Washington, Nov. 29 KYODO—Japanese and U.S. negotiators remained deadlocked Monday [29 November] in trade talks aimed at increasing Japan's purchase of U.S. autos, auto parts and other products covered under the U.S-Japan framework trade accord, Japanese officials said. "Generally speaking, our talks remained on parallel tracks," a Japanese official told reporters after the two sides concluded the latest round of negotiations in Washington.

Monday's talks were held between Japan's Deputy Foreign Minister Koichiro Matsuura and senior U.S. officials from the White House, the U.S. Trade Representative office and the Commerce Department.

Officials stressed that Tokyo will not accept using "quantitative criteria" to measure the progress of imports to Japan, a key U.S. objective under Washington's "results-oriented" trade policy toward Japan. The United States has proposed that Tokyo use the import level of other major industrialized nations' manufacturing goods as the norm by which Japan measures its commitment to open up its markets.

U.S. officials contend that the level of Japanese industrial imports, measured as a ratio of its gross national product, is typically less than half that of other developed countries.

Under the bilateral framework accord concluded in July, the two countries are supposed to work out a specific formula for boosting Japanese auto imports and for three other "priority" market sectors by the time President Bill Clinton and Prime Minister Morihiro Hosokawa hold their next round of summit talks in February. The "priority" market sectors include foreign access to Japan's insurance market and government purchase of telecommunications and medical equipment.

Japanese officials said the primary objective of Matsuura's talks with U.S. officials was to review the progress of negotiations carried out by working-level officials and set the schedule for discussions by more senior officials prior to the February 11 summit. According to a tentative schedule disclosed by Japanese sources, working-level officials from the two countries will assemble in Tokyo next week for a fourth round of negotiations on government procurement and other priority market sectors.

Japanese officials predicted that the talks in Tokyo will not close the gap and said the two countries are likely to hold another round of talks, at least on government procurement, either before the end of the year or by early January. They said the two countries agreed to hold a meeting of senior government officials at the vice ministerial and deputies' level in mid-January to draw up a report summing up the progress on "framework" talks for review by Clinton and Hosokawa.

Clinton and Hosokawa agreed during their November 19 meeting in Seattle to meet again in Washington on February 11.

Officials on U.S. Plans for G-7 'Jobs Summit'

OW3011024793 Tokyo KYODO in English 0228 GMT 30 Nov 93

[Text] Washington, Nov. 29 KYODO—The United States plans to host a "jobs summit" of the Group of Seven (G-7) major industrialized nations in February to combat the high levels of unemployment dogging the industrial world. Japanese officials said the jobs conference—proposed by U.S. President Bill Clinton at the G-7 summit held in Tokyo last July—is expected to define the tone and the agenda for next year's G-7 summit.

Major industrialized nations have been buffeted by high levels of unemployment, topping 10 percent in Britain, Canada, France and Italy.

Japanese officials said the agenda of next year's G-7 summit, to be held in Naples, Italy, is likely to focus on the issue of how to create jobs in the industrial world.

According to the world economic outlook compiled by the International Monetary Fund (IMF) in October, the industrial countries will continue to face a harsh job situation next year as their economies go through wide-ranging restructuring. While the unemployment rate is expected to abate slightly in the U.S.—from 6.8 percent this year to 6.5 percent in 1994, the IMF projected a stiffer unemployment situation for most other G-7 countries, including Japan.

Japanese officials said the G-7 "jobs summit" will bring together three or four cabinet-level officials from each of the G-7 member countries—Britain, Canada, France, Germany, Italy, Japan and the U.S. While the G-7 has yet to settle on a definite agenda for the jobs summit, Japanese officials said they expect the meeting will serve as the "link" to the G-7 summit in Naples.

Supercomputer Friction With U.S. Continues

942A0040A Tokyo ZAIKAI TEMBO in Japanese Sep 93 pp 114-115

[Article by journalist Ryo Yoneyama: "Can't Foreign Capital Participate in Close Government/Private Relationship?"]

[Text] Supercomputers are one of the focal points of U.S.-Japan trade friction. Although it is called an open market, ultimately, the majority of the successful bidders are Japanese firms. Can foreign capital manufacturers win any of the eleven computers scheduled for future delivery?

U.S. Manufacturer Bares Dissatisfaction

Friction between the United States and Japan concerning procurement of supercomputers has still not been resolved. Several years have already passed since the supercomputer issue arose, but Cray Research of the United States does not hide its dissatisfaction about the response of the Japanese government. John Carlson, the CEO of the company, has now bared his anger, saying "Although introduction of our company's products into private enterprise was 46 percent in 1992, is was zero for government agencies. I can only believe that there are some barriers to Japanese government procurement of supercomputers. In the Nuclear Fusion Research Institute where we were beaten by NEC, I can't understand why we were beaten although our company exceeded all the target values in the benchmark tests made public."

One of the focal points of U.S.-Japanese trade friction is supercomputers, and even though the Japanese government says, "It is an open market in which anyone can participate in the bidding," actually Cray products have only been introduced into a scant three agencies: the Liquid Chemistry Research Institute, the Kyoto University Institute for Chemical Research, and the Disaster Prevention Science Research Center. Domestic manufacturers have been successful one and all in the bidding for those where competitive bidding has been conducted. In the case of the Nuclear Fusion Research Institute, Cray sought an investigation of the details on that procurement and circumstances after introduction, but this too ultimately ended in nothing definite. Normally, they use technical evaluation points (scoring) for reference in introduction, but Cray has voiced dissatisfaction about the Nuclear Fusion Research Institute in that it was procurement that still is questionable, saying "The items are set up to give the advantage to domestically manufactured machines. Discrimination is made in that the allotting of points is suppressed for areas where foreign manufacturers have the advantage and greatly allotted to areas where domestic manufacturers have the advantage. Moreover, incompleteness [of a supercomputer system] is passed over by document examination in collusion with procurement agencies, and they make the inspection upon receipt by fixing the facts at delivery time." Indeed, there is a rumor that NEC delivered a supercomputer to the Canadian Weather Bureau, but the required functions could not be satisfied after delivery and unable to make the inspection upon receipt for over two years, they continued to pay penalties for that period. Such rigorous checks are made in foreign countries, but the criticism that a kind of "fixing the facts" is conducted between manufacturers and government agencies in Japan is even heard from domestic manufacturers.

Do Academic Discounts Exist?

The Japanese government established a plan to introduce five supercomputers [sic] under the FY1993 budget and eleven under the supplemental budget. Four of those for the regular budget portion already have been decided. Domestic manufacturers were victorious in all of them. Cray bid on three for the Meteorological Research Institute, the Institute of Space and Astronautical Science, and the Ministry of Education/Okazaki National Research Institutes' Institute for Molecular Science, but ultimately, the domestic manufacturers, Hitachi, Fujitsu, and NEC respectively were successful in the bids. Moreover, NEC was decided for Tohoku University's Computer Processing Center. It is reported that the manufacturers, which already had machines installed and working, had an inherent advantage in these four cases as they provided upgrades, even though they were called new, to existing supercomputers. The only disruption was at the Institute Molecular Science. The introduction of NEC instead of Hitachi had been decided, but the reason seems to have been price rather than performance. Regardless of the fact that Hitachi had the highest points in the performance evaluation, it was rejected because the price was high. "In short, price became the deciding point in introduction. "The United States absolutely cannot win if that happens because we do not have price dumping," says an U.S. informed source.

The academic discount by domestic manufacturers is popular. It is connected to the existing budget system, but domestic manufacturers try to beat the competition by greatly reducing prices. In the case of Osaka University in 1992, NEC estimated a rental fee of about 80 million yen/month on a fixed price basis until right before the bidding, but suddenly it revised the fixed price to less than 50 percent and succeeded in the bid with 33 million yen/month. Indeed, it is said that in the European market, there have been cases where NEC has sold for only a maintenance fee and cases where it has accepted orders at a price one-tenth of the domestic price. It also seems that this kind of dumping seems to have become an everyday practice. In the purchase plan where Osaka Gas seemed prepared to select a foreign manufacturer, Fujitsu tried to squeeze in by dumping. Thus far, price-based bidding has been conducted several times for national universities said to have no budget. Tohoku University is once example of that. Bidding was conducted several times even though the manufacturer had already been decided. The Ministry of International Trade and Industry (MITI) has given notice to the various ministries and agencies to correct these discount business methods, but the Ministry of Education which is in charge of the universities that use the budget system as a pretext and will not agree. However, criticism even has appeared at the universities about so much dumping. "The budget was shaved by one-fourth at Osaka University, but if there are many such examples, only budgets assuming dumping from the beginning will be made. We really want a little more budget. The attitude is continuing that since a price reduction has become common, the manufacturer will cover the shortage."

Domestic manufacturers, perhaps to secure market share, are prepared for 20 or 30 percent dumping from the beginning. "However you look at it, they cannot make a profit. I cannot understand why they conduct business that disregards profit. It seems like that is a not-for-profit business school that they have created themselves," says a U.S. informed source with an amazed look. Domestic manufacturers say, "There is almost no academic discount now" (NEC), but there actually are cases like Osaka University where they bid first and fit the facts afterward. Although the United States has sought the elimination of collusion and pricing between manufacturers and procurement agencies that ignores profit, there even are universities which retort, "What's wrong about being cheap? We don't have to budget so much. There is no reason for the United States to object." It has become the design of procurement agencies themselves to backup the discount business practices of the manufacturers.

Government Thinking at Odds With Needs

In the future, bids will be conducted on the eleven machines under the supplemental budget, but vendors besides the four supercomputer companies are joining the sales war on the four machines for MITI's Agency of Industrial Science and Technology and the Science and Technology Agency as they will be procuring massively parallel computers. Besides Intel, Thinking Machine, Maspar, Onicule, Kendal, Square and Convex [as transliterated], Cray also will participate. "The issue is whether or not fair tests will be conducted. We would like to seek an improvement in the procurement methods of the Japanese government before the full scale [commercialization] of parallel computers," says Carlson at Cray. There will be competition between the four supercomputer companies for the remaining seven machines, but for some of these like the National Cancer Center, "We don't know why they are introducing a supercomputer. Moreover there are no technical personnel and introduction will be meaningless," (informed source). On the other hand, there are some organs that are not on the list even though they have a requirement like the National Space Development Agency that needs a supercomputer to conduct simulations. It seems that there is another side to this. IHI, Mitsubishi Heavy Industries, and Kawasaki Heavy Industries have received orders for systems, but because it would become difficult to do business if supercomputers were introduced [to these other organs], the view has been formed in some places that they have pressured the government not to get them. If they are not going into places where they should be introduced and are going into places that don't need them, the government policy is fundamentally wrong. Moreover, this could be heard on the bidding at Tohoku University's Research Institute for Iron, Steel, and Other Materials: "We have received a variety of assistance from Hitachi, Fujitsu, and NEC, and it has become an iron-triangle, so to speak. It seems that they are rather troubled. Foreign products? There will be none here."

At any rate, a structure of vested interests has been created between government agencies and the manufacturers. A reduction in Japan's trade surplus has been advocated, but it is a fact that such a vested interests structure impedes it. MITI has urged the top 170 leading manufacturing companies in the industrial world to expand the purchase of foreign products, but just looking at supercomputers, a policy of protecting national industries still exists. Depite the outward appearance of openness to foreign manufacturers, it has been contrived so that foreign manufacturers can still be excluded based on price and technical standards. Severe criticism seems to be increasing more and more on the Japanese government which permits price dumping like one-yen bids, but except for parallel processing computers, foreign makers have no possibility of winning in regard to that portion already included in fiscal 1993 (about 50 billion yen). With the careful protection of the Japanese government, domestic manufactureres will be secure.

Reportage on Rice Market Issue Continues

Rice Tenders Suspended Until Oct

OW2911083793 Tokyo KYODO *in English 0819 GMT 29 Nov 93*

[Text] Tokyo, Nov. 29 KYODO—The Japanese organization for setting prices for rice marketed freely outside government channels will suspend rice tenders until October 31, 1994, because of uncertainties over rice supplies, farm sources said Monday [29 November]. The tenders have been suspended indefinitely since last month.

The sources said the decision was made because a resumption of tenders amid the present rice shortage following the poorest rice crop in Japan since World War II could push the rice price to its upper limit and cause higher prices. The wholesale price for freely marketed rice is currently set at 7 percent above the standard price, a weighted average of the highest bid prices over the past three years.

The government controls production and distribution of rice under the food control law but some of the crop is freely marketed outside government channels by farmers' groups and rice dealers.

Imported Rice Profits To Pay Farmers

OW3011022193 Tokyo KYODO *in English 0127 GMT 30 Nov 93*

[Text] Tokyo, Nov. 30 KYODO—The government decided Tuesday to adopt a special bill for using profits from the sale of imported rice to cover insurance payments to farmers hit by the worst rice harvest in postwar history, officials said. The bill states that a shortfall in funds for such insurance payments will be offset by income from the sale of imported rice, the officials said.

The government has to pay an estimated 432.5 billion yen to farmers for damage caused by the bad weather this year. The fund currently available for such payments stands at 66.9 billion yen, making a 365.6 billion yen shortfall.

The government is expected to make 370 billion yen from selling imported rice over one year.

Farm Minister Hata Comments

OW3011101693 Tokyo KYODO in English 1009 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Agriculture Minister Eijiro Hata suggested in the Diet on Tuesday [30 November] that Japan may accept partial liberalization of rice imports under the Uruguay Round of world trade talks.

Hata told the plenary session of the House of Representatives the existing foodstuff control law may have to be revised if such a situation emerges. He said the General Agreement on Tariffs and Trade is expected to soon initiate a new approach to wind up the trade talks that may reject Japan's request for exclusion of rice from a tariff formula for farm trade.

"Unfortunately, most nations call for comprehensive tariffication" of farm trade, including rice, he told the session, and the stage has been set for parties responsible for promoting the negotiations to come up with a mediation plan.

Japan has asked the Geneva-based world trade body to exclude rice from a tariffication program, citing its standing policy of maintaining self-sufficiency in rice.

In informal negotiations with the United States, Japan reportedly agreed to a six-year moratorium on tariffication of rice imports. During that period, it would import a certain portion of its consumption, the reports said.

If Japan accepts the minimum access formula, the existing foodstuff control law will have to be revised, Hata said. The government bans rice imports under the law, which was enacted during World War II to stabilize food supplies.

Hata said the volume of rice imported by Japan would vary depending on domestic output.

SDP Chief Opposes Any Concession

OW3011135193 Tokyo KYODO in English 1343 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—The head of the socialist party in the coalition government Tuesday [30 November] voiced his opposition to any concession to partially lift a ban on rice imports. Tomiichi Murayama, chairman of the Social Democratic Party [SDP], the largest in the seven-party coalition government, made the remarks after top cabinet spokesman Masayoshi Takemura indicated Sunday the minimum access idea does not necessarily contradict Diet rulings on Japan's self-sufficiency in its staple food.

Under an accord with the United States, Japan agreed on a compromise proposal to import a minimum of 4 to 8 percent of total domestic demand for rice in return for a six-year moratorium on tariffication, according to government sources close to Prime Minister Morihiro Hosokawa. "The (minimum access) idea itself does not infringe on an intracabinet agreement but will run against Diet rulings if the minimum access results in comprehensive tariffication," Murayama said.

LDP Group Begins Diet Sit-In

OW3011140493 Tokyo KYODO in English 1354 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—A group of legislators from the opposition Liberal Democratic Party (LDP) started a sit-in in the Diet grounds Tuesday [30 November] night to protest moves to open Japan's heavily protected rice market. Seven members of the group, comprising 37 junior House of Representatives members of the main opposition party, planted themselves just in front of the entrance to the Diet.

About 30 members will take part, wholly or partly, in the protest which will last until 8 AM Thursday. An LDP member of the House of Councillors, who is an adviser to the group, joined the sit-in later.

Meanwhile, three South Korean opposition legislators arrived in Japan on Tuesday night to show solidarity. South Korea has also opposed the opening of its rice market to foreign competition.

The LDP group led by Toshikatsu Matsuoka decided on the action after urging Prime Minister Morihiro Hosokawa not to give in to foreign pressure and agree to open the nation's rice market in the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).

"We are staging a sit-in," Matsuoka said as he was leaving Hosokawa's official residence. "We must prevent at all costs the government from accepting the partial rice market opening as reported."

Japan and the United States have reportedly struck a deal, under which Tokyo would import rice at a minimum level of 4 to 8 percent of its nearly 10 million ton annual domestic consumption in exchange for a six-year moratorium on the proposed replacement of its rice import ban with tariffs.

The Japanese Government, however, has denied the reports, with Hosokawa repeatedly saying he is sticking to a policy of opposing the comprehensive tariffication formula proposed in December 1991 by then GATT

Director General Arthur Dunkel. Chief Cabinet Secretary Masayoshi Takemura reiterated earlier Tuesday that the government has not changed its stance on the rice issue.

Tokyo has been under pressure to open its rice market to help bring to a successful conclusion the seven-year-old Uruguay Round of trade talks. A deadline for completion of the talks is set for December 15.

Matsuoka's group, formed last December, maintains the United States and other countries participating in the Uruguay Round of negotiations are seeking to make their own trade sector exceptional.

"The success of the Uruguay Round and our refusal to open the rice market can be compatible," Matsuoka said. "All that is necessary is to allow all sides to make exceptions."

The sit-in came a day after the group warned that the Hosokawa cabinet should resign en masse or call a general election to ask voters for their opinion if it decides to open the rice market in any form.

Russian Vessel's Shooting at Boat Protested

OW3011134893 Tokyo KYODO in English 1335 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Japan lodged a protest with Russia on Tuesday [30 November] over a Russian patrol boat's firing on and seizure of a Japanese fishing vessel and injuring of its captain Friday in waters near disputed northern islands, a Foreign Ministry official said.

Issei Nomura, head of the ministry's European and Oceanian Affairs Bureau, called in Russian Ambassador Lyudvig Chizhov to file the protest, saying the incident occurred within Japanese territorial waters and cannot be overlooked, the official said. Nomura asked Chizhov for an immediate response from Moscow on details of the shooting and demanded the immediate repatriation of the detained captain and return of the ship, the official said.

The ambassador told Nomura he would convey the requests to the Russian Government, the official said.

The patrol boat fired on the 4.9-ton No. 68 Yuki Maru on Friday night off Hokkaido, Japan's northernmost main island.

ITAR-TASS news agency said the fishing boat, allegedly sailing in Russian territorial waters, was seized near Shikotan, one of islands held by Russia but claimed by Japan. The Yuki Maru was taken to Shikotan.

Keiichi Noto, 41, captain of the Yuki Maru, received injuries to his left thigh and left arm in the attack, according to the surgeon who examined him. It is not clear what happened to boat's crew.

The Soviet Army seized Shikotan, two other islands and an islet group from Japan at the end of World War II.

Tokyo, Beijing Agree To Sign Nuclear 'Deal'

OW3011111793 Tokyo KYODO in English 1056 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Japan and China agreed on Tuesday [30 November] to sign a deal by next March to promote exchanges of information and cooperation on the safety of nuclear fields, government officials said.

Satsuki Eda, director general of the Science and Technology Agency, and Song Jian, State Councillor of China's State Council, struck the agreement at a Japan-China ministerial meeting on science and technology held in a Tokyo hotel, the officials said. Song is also minister of the State Science and Technology Commission.

The two countries also agreed to facilitate cooperation in the fields of earth science and ocean observations in the north Pacific, the officials said.

In addition, Tokyo and Beijing signed a memorandum allowing China to directly receive data on the earth's resources from the Japanese satellite Fuyo, the officials said.

Plutonium Safety Standards Called 'Strict'

OW3011031293 Tokyo KYODO in English 0245 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Japan's plutonium safety standards are so strict that even an unforeseen major accident at the nation's fast-breeder reactor Monju would not endanger nearby residents, the 1993 White Paper on nuclear safety said Tuesday [30 November]. The Director General of the Science and Technology Agency, Satsuki Eda, presented the paper to the cabinet Tuesday morning.

The paper includes a special section on plutonium use in advance of Monju's scheduled April 1994 criticality, the moment when the reactor's fuel achieves a chain reaction. The reactor, at Tsuruga in Fukui Prefecture, uses plutonium, which is 260,000 times more radioactive than uranium.

The paper states that since plutonium is a byproduct of the burning of uranium, there is no intrinsic difference between the two substances. But the paper notes that the nation's standards for acceptable irradiation levels also pertain to bone and lungs, which absorb plutonium easily.

At Monju, for example, the paper said that even if a major accident occurs—an event it said is technically impossible—safety measures are so tight that nearby residents would receive less than the allowable levels of radiation.

Mitsuzuka Group 'Funneled' Funds to Mayor

OW3011143893 Tokyo KYODO in English 1418 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—A personal political organization of Liberal Democratic Party (LDP) senior member Hiroshi Mitsuzuka filed a false report on its political funds and funneled part of the funds to a scandal-tainted former Sendai mayor, informed sources said Tuesday [30 November].

The Tokyo-based political organization Aobano-kai reported political funds revenue for fiscal 1992, which ended March 31, at 27.35 million yen to the Tokyo Metropolitan Election Administration Commission.

The organization reported that 20 million yen of its total expenditures of 27.64 million yen was donated to Seiwa-kai, the political organization serving Mitsuzuka's LDP faction, last December.

Seiwa-kai, however, failed to include the donation in a report on its political funds to the Home Affairs Ministry, the sources said.

Sources close to Aobano-kai said half of the 20 million yen was actually given to a political organization of former Sendai Mayor Toru Ishii, 68, while in office.

Ishii is on trial on charges of taking bribes from leading contractors in exchange for lucrative public works projects.

Aobano-kai temporarily lent the 10 million yen to Ishii's political organization, which was in financial difficulties, and planned to donate the whole 20 million yen to Seiwa-kai after the recipient organization returned the money, the sources said.

The plan failed, however, because of the arrest of Ishii on suspicion of bribery late last June, they said.

An official of Seiwa-kai said the political organization issued a receipt for the 10 million yen in advance because an official of Aobano-kai promised last December to provide the money within the year.

But Seiwa-kai corrected the report on its political funds in July by dropping part of the money because Aobano-kai had not moved on the political donation, the official said.

Mitsuzuka's office said Mitsuzuka did not know of the fact.

The 20 million yen was given to Aobano-kai by another political organization in close relation with Mitsuzuka, the sources said.

Mitsuzuka, a veteran LDP legislator who has held the posts of foreign, trade and transport ministers, hails from Sendai, the capital city of Miyagi Prefecture and a major northern city.

Along with Ishii, former Miyagi Gov. Shuntaro Honma, 53, has been indicted on charges of bribery in a series of influence-peddling scandals centering on major contractors.

Firms' Export Contract Statistics Reported

OW2911095293 Tokyo KYODO in English 0917 GMT 29 Nov 93

[Text] Tokyo, Nov. 29 KYODO—Export contracts concluded in October by Japanese trading firms jumped 22.9 percent from a year before to 834.9 billion yen, the Foreign Trade Council said Monday. The increase was the first in five months.

The council said shipment contracts for machinery jumped 37.7 percent, boosted by ship and plant exports.

Exports to the United States, spurred by contracts for automobiles, rose 43.3 percent, for the first rise in five months, it said.

The report covers 19 major trading houses.

Import contracts by the trading companies shed 6.0 percent from the year before to 944.2 billion yen, falling for the first time in two months.

The council said the decline was observed in broad areas with the exception of fuel and textiles. Import contracts for metals dropped 22.7 percent, it said.

Banks' Offshore Accounts Assets Drop Reported

OW3011061193 Tokyo KYODO in English 0546 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Combined assets held by Japanese banks in offshore accounts stood at 636.3 billion dollars at the end of October, down 6.1 percent from a month earlier, the Finance Ministry said Tuesday [30 November]. The offshore assets comprised 334.9 billion dollars in deposits and call money, 22.6 billion dollars in lending and 278.8 billion dollars in intrabanking accounts.

The banks' combined offshore debts came to 440.4 billion dollars at the end of October, down 3.8 percent. Of the debts, deposits and call money came to 360.9 billion dollars, borrowings accounted for 13.8 billion dollars and debts in intrabanking accounts amounted to 65.7 billion dollars, the ministry said.

Second Extra Budget for Fiscal 1993 Approved

OW3011014793 Tokyo KYODO in English 0114 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—The government on Tuesday [30 November] endorsed a second supplementary budget for fiscal 1993, featuring an outlay increase of 708.72 billion yen from the first extra budget compiled in June.

The upward revision resulted from accounting techniques, such as suspension of a fund transfer from the general account to the Finance Ministry's national debt-servicing account. The action more than offset a huge tax revenue shortfall expected due to the prolonged economic slump, ministry officials told a press conference.

Tough fiscal conditions remain basically unchanged, reflecting the persistent slump in Japan's economy, the officials said. In the extra budget for fiscal 1992, the general-account scale was revised down from the original budget.

The second extra budget, approved at a cabinet meeting for immediate introduction to the Diet, lifts the scale of the entire general-account budget for the current year ending next March to 75,252.26 billion yen, compared with 72,354.8 billion yen earmarked under the initial fiscal 1993 budget.

This year's tax revenue estimate is 5,477.00 billion yen short of the sum projected under the first extra budget.

The Finance Ministry will suspend a shift of 3 trillion yen to the debt consolidation fund for the first time since fiscal 1989. Normally, the ministry must appropriate 1.6 percent of the balance of government bond issues registered in the previous year to the special account.

The officials said no other measure was available to avoid issuing deficit-covering bonds, a step Japan last took in fiscal 1989.

The ministry will trim tax grants to local governments by 32 percent, or 1,667.52 billion yen, from the first revised budget in accordance with the expected tax revenue shortfall. Fixed ratios of national tax earned, such as income and corporate tax, are provided to local governments as grants.

The ministry will address the large tax revenue shortfall—5.2 trillion yen of which reflects an estimated drop in income and corporate tax—by slashing fixed expenses by 957.13 billion yen.

Conversely, spending was revised upward under the new extra budget to include 600.37 billion yen to finance part of a 1-trillion-yen social infrastructure project appropriated under the government's 6.15-trillion-yen emergency stimulus package adopted in September.

The extra budget also calls for additional spending of 339.22 billion yen for disaster relief programs, 77.1 billion yen to assist small ailing companies and 97.17 billion yen to help alleviate damage caused by the wet and cool summer this year. This spending will be financed by proceeds of 1.13 trillion yen from construction bond issues.

The ministry will collect 2.48 trillion yen in extra construction bond issues to finance an advance redemption of loans extended to local governments. The redemption is aimed at covering funds that will arise from the suspension of the money transfer to the debt- servicing account.

As a result, construction bonds to be placed under the revised supplementary budget will total 3.616 billion yen, bringing the government's dependence on debt issues to 18.6 percent of total general-account spending, compared with 11.2 percent under the initial fiscal 1993 budget and 13.9 percent under the first revised budget.

The revised ratio is the highest since 21.0 percent posted in fiscal 1986, making it difficult for the government to attain its goal of slashing the dependency ratio to 5.0 percent in fiscal 1995.

The ministry officials said the government will pay 432.5 billion yen in mutual agricultural insurance benefits to farmers hard hit by this year's poor harvest.

The ministry will use loans from its trust fund bureau to finance the benefits, the officials said. The loans would be covered by an expected windfall profit from emergency rice imports in the food control special account arising from price gaps between Japanese and foreign rice, they said.

The outstanding balance of the debt consolidation fund will stand at about 1 trillion yen at the end of the current year after allowing for suspension of the stipulated fund transfer, a shift of adjustment funds into the fiscal 1992 general account as a way to make up for a revenue shortfall and advanced redemption of loans to local governments, the officials said.

The estimated year-end balance does not include possible proceeds from the sale of government-held Japan Tobacco, Inc. shares, the officials said. Money from such sales may be appropriated for the current year, depending on the stock market and other economic conditions, they said.

At Tuesday's cabinet meeting, the government also decided to add 282 billion yen to the fiscal 1993 investment and loan program, the so-called second national budget, the officials said.

Finance Minister Hirohisa Fujii will address a plenary session of the House of Representatives, to be called Tuesday, on the supplementary budget.

MITI Chief Concerned Over Economic Slump

OW3011035793 Tokyo KYODO in English 0346 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Japan's trade minister expressed deep concern Tuesday [30 November] over the nation's ailing economy, revealing that industrial production in October dropped some 5 percent from the previous month for the largest-ever monthly decline

International Trade and Industry Minister Hiroshi Kumagai said at a press conference, "I recognize the economic conditions are serious."

The trade ministry will release later in the day a preliminary report of output at the nation's factories and mines in October.

Industrial production increased 2.2 percent in September from the previous month, after falling 1.2 percent in August and 0.2 percent in July.

The gain, however, was a reaction to production cuts during summer vacations and resulted from corporate efforts ahead of interim account settlements at the end of September. On a yearly basis, production dropped in September for the 24th month in a row.

As to the stock market plunge Monday, Kumagai said, "stock prices are pressing for a quick implementation of political reforms."

The trade minister criticized the Liberal Democratic Party's tactics in the House of Councillors, saying, "deliberations are being delayed by not serious discussions."

"The (pump-priming) measures worth of 30 trillion yen did not work well. We have to finish political reforms as soon as possible and then set about economic restructuring measures, rather than economic pump-priming," Kumagai said.

Fujii Pledges Efforts for Healthy Fiscal Base

OW3011044993 Tokyo KYODO in English 0420 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Finance Minister Hirohisa Fujii on Tuesday [30 November] vowed redoubled efforts by his ministry to strengthen the country's fiscal position as the century draws to a close and the population ages rapidly.

The Finance Ministry will take every "possible conceivable" step both in spending and revenue in order to tide Japan over "the extremely severe" fiscal conditions it now faces, Fujii said in a speech to a plenary session of the House of Representatives.

His speech followed introduction in the Diet earlier in the day of the government's second supplementary budget this year.

He said fiscal reforms should be carried out in a manner that would not create a large financial burden for future generations, renewing the government's pledge not to resume issuance of deficit- covering government bonds any more.

The government will undertake a review of spending items to be cut in compiling the fiscal 1994 national budget, by making clear priority areas, Fujii said.

Specifically, the ministry will place added weight on investment tailored to improve overall living standards in Japan, a policy in line with recommendations recently made by his advisory Fiscal System Council, Fujii said.

The second extra budget for the year ending March 1994 features net outlays of 708.72 billion yen from the first revised budget compiled in June. But the upward revision was traced to accounting techniques, such as suspension of a fund transfer from the general account to the Finance Ministry's national debt-servicing account.

The fiscal 1993 budget is "in a very serious situation" in view of a large tax revenue shortfall expected for the year, Fujii said.

The outstanding balance of national debt issues will reach about 188 trillion yen by the end of this year and the debt-servicing burden from this is squeezing funds to be used for policy measures, he said.

As a way of wavering public confidence in Japan's financial system, Fujii said financial institutions should make further streamlining efforts and continue to do their utmost to steadily dispose of nonperforming loans.

He also said financial institutions should step up lending to corporations, especially to smaller companies, in line with the latest set of government pump-priming measures.

The Finance Ministry will further promote financial liberalization in Japan by deregulating rates of liquid deposits next spring as a follow-up to full liberalization of time deposit rates in place since June this year, Fujii said.

The finance minister said the government will strive to stabilize exchange markets in policy coordination with other major countries, adding that currency rates should reflect the economic fundamentals of each country.

Fujii reiterated his concern over the faltering Japanese economy, noting it is still generally sluggish with the effect of the irregular summer weather and the yen's rapid rise against the dollar.

He said he expects the past stimulus measures in addition to the Bank of Japan's easy credit policy to contribute greatly to putting the economy on track toward sustainable growth led by increased domestic demand.

Kubota Urges Clear Stance To Help Stocks

OW3011031993 Tokyo KYODO in English 0307 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Japan's chief economic planner said Tuesday [30 November] the government should show "clear direction" to dispel economic uncertainties to support the flagging stock market.

"That direction includes an income tax cut, living-oriented outlays and measures to back up new businesses...when forming the fiscal 1994 budget," Manae

Kubota, director general of the Economic Planning Agency, told a regular press conference after the morning's cabinet meeting.

The private sector is "desperately struggling" to restructure and produce new products, and "the government should also do so," she said.

The cabinet ministers "appeared to agree" on a proposal made at the meeting to hold discussions on those economic measures, Kubota said. But no specific date was set, she said, noting that it all depends on political reform.

Political reform is the top policy priority of Prime Minister Morihiro Hosokawa, and the Diet session is poised to become deadlocked on the issue.

Kubota said she "emphasized the need to place consideration on the economy" during a special meeting of related ministers to discuss labor problems. The meeting was held before the regular cabinet meeting.

At the labor discussions, the ministers agreed to show the government's "strong determination" to cope with the spreading of "labor adjustment" as companies cut their work forces, Kubota said.

BOJ Head Concerned Over Stock Market Plunge

OW3011045993 Tokyo KYODO in English 0441 GMT 30 Nov 93

[Text] Osaka, Nov. 30 KYODO—Bank of Japan [BOJ] Governor Yasushi Mieno expressed concern Tuesday [30 November] that the stock market plunge may have a widespread adverse effect on the domestic economy. Mieno told a news conference in Osaka that the central bank was gravely concerned about the recent tumble of stock prices.

On the Tokyo stock exchange, the Nikkei average of 225 selected issues fell below 16,000 yen temporarily in Tuesday's morning trading. Mieno attributed the bearish market to the protracted economic slowdown.

The central bank will closely monitor developments, including stock prices, which may have a serious impact on the economy as a whole, he said.

Commenting on the nonperforming loans held by commercial banks, Mieno said liquidation of such assets would contribute to the economy's recovery. But he ruled out a possibility that commercial banks will suspend financing to customer corporations to liquidate bad loans.

He said the central bank has no plans to make use of public funds to maintain stability of the financial market.

Hosokawa 'Closely Watching' Stock Movements

OW3011130993 Tokyo KYODO in English 1258 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Prime Minister Morihiro Hosokawa indicated Tuesday [30 November] the government may introduce another economic stimulation package by the end of the year. Hosokawa's remarks followed a major stock price tumble Monday in Tokyo triggered by rampant pessimism in the market about business conditions.

Asked by reporters whether he is considering another pump-priming package before the Diet passes political reform bills the prime minister said, "that is likely to be the case." He has staked his job on passing the bills this year.

Hosokawa also told leaders of major business organizations, including Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), on Tuesday he is closely watching stock price movements and will take necessary steps to spur the economy. He made the comment in response to a request from the business leaders to take drastic fiscal and monetary action in addition to tax reforms.

The most recent stimulation package announced in September focused on deregulation.

'Economy-Spurring Measures' Needed

OW3011032393 Tokyo KYODO in English 0315 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Prime Minister Morihiro Hosokawa said Tuesday [30 November] the government needs to take all necessary economy-spurring measures to bolster the plunging Tokyo stock market.

"I am very much concerned about the market movement. It is imperative to take all possible pump-priming measures," the premier told reporters at his official residence.

Tokyo stocks posted their biggest fall of the year Monday, with the Nikkei stock average of 225 first section issues closing at 16,078.71, down 647.66 points, its lowest since the 15,993.48 posted on November 17, 1992. On Tuesday morning, the key market gauge ended at 16,010.20, down further 68.51 points.

At informal ministerial talks after Tuesday's regular cabinet meeting, many ministers expressed anxiety about plummeting stock prices and pointed to the need for further pump-priming measures, Chief Cabinet Secretary Masayoshi Takemura said at a news conference.

They said the Diet should move quickly to combat the current economic slump and called for early passage of a supplementary budget bill to be tabled Tuesday afternoon and its swift implementation, the top government spokesman said.

Takemura said many ministers stressed the need to have a government-sponsored political reform bills acted on through intensive debate after the extra budget measure is enacted.

The ministers reportedly said deliberations on political reform aimed at rooting out corruption endemic in Japanese public life could be misinterpreted as a stumbling block to Diet discussion on measures to boost the economy.

"The government wants to consider all possible measures to stimulate the economy," Takemura said. "And they will naturally include tax cuts."

None of the ministers mentioned the size of anticipated income tax cuts or the timing of any increase in the consumption tax, now standing at 3 percent, he said.

Source Denies Income Tax Cut Financed by Bonds

OW3011032193 Tokyo KYODO in English 0252 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—A government source denied Tuesday [30 November] a news report that the government plans to implement an income tax cut in January financed by issuing deficit-covering bonds.

The source, speaking on condition of anonymity, said, "there is no such plan by the government." He said an income tax cut should be covered by issuing "bridge government bonds" on condition of raising the consumption tax rate, currently at 3 percent, rather than issuing deficit-covering bonds.

To issue deficit-covering bonds would only result in expanding the government's debt, the source said.

A leading economic daily, the NIHON KEIZAI SHIMBUN, reported Tuesday that the government plans to carry out an income tax cut in January and do it separately from raising the consumption tax.

Hosokawa on 'Efforts' for Income Tax Cut

OW3011112393 Tokyo KYODO in English 1110 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Prime Minister Morihiro Hosokawa said in the Diet on Tuesday [30 November] that he will exert efforts to carry out an income tax cut in January to rev up the stagnant economy.

Responding to questions from Diet members at a House of Representatives plenary session, the prime minister said the nation's economy is "in an unpredictable and very serious condition. I intend to deal with income tax reduction in reforming the tax system for fiscal 1994 on the basis of a recommendation of the government tax commission," he said.

Fiscal 1994 starts next April but the tax year starts in January. A tax cut for fiscal 1994 would thus take effect from January.

Touching on the rice trade issue in the Uruguay Round of multilateral trade negotiations, the prime minister said the situation has now reached an important, final stage. He said an intervening third party is about to come up with a proposed solution.

Hosokawa said he would do his best to have Japan's objection to replacing by tariffs, trade barriers on all goods without exception, reflected in the proposal.

Supplementing the prime minister's remarks, Eijiro Hata, minister of agriculture, forestry and fisheries, told the Diet that some provisions under the food control law would require revisions if Japan were to allow a "minimum access" to Japan's rice market in return for postponing the tariffication of rice imports.

With regard to the question of economic stimulus measures, Hosokawa indicated his readiness to review the existing controls on land transactions and taxes, as well as take other steps aimed at revitalizing the securities and financial markets.

Ministers Seek Ways To Maintain Employment

OW3011034693 Tokyo KYODO in English 0334 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Cabinet ministers on Tuesday [30 November] held an emergency meeting to discuss ways to prop up employment by providing more subsidies to businesses, the first such meeting since 1986 when the Japanese economy was hard hit by a sharp appreciation of the yen.

The ministers also examined ways to bolster employment in the private sector by creating new incentives to encourage labor flow among corporations, and provide more assistance to companies creating new jobs, government sources said.

The ministers plan to increase the amount of existing subsidies to help companies keep paying wages to employees on temporary leave and ease requirements for companies to apply for such subsidies, the sources said.

On measures to help labor flow, the ministers are eyeing the creation of financial incentives for companies which accept surplus workers from other firms with which they have no business ties.

As for creating new employment opportunities, they are considering new subsidies for companies which expand their business fields to new areas and hire more people, the sources said.

The ministers present at the meeting included Labor Minister Chikara Sakaguchi, Finance Minister Hirohisa Fujii, Construction Minister Kozo Igarashi, Manae

Kubota, director general of the Economic Planning Agency, and Chief Cabinet Secretary Masayoshi Takemura.

Sakaguchi later told reporters that the Labor Ministry has formed a team to promote employment, and in particular to encourage job security within corporations.

He said a package of measures, including support for rehiring middle-aged and senior workers, will be completed before December 10, when the second ministerial meeting will be held.

Survey Shows 62 Percent of Firms Cut Jobs

OW3011041693 Tokyo KYODO in English 0356 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—The number of Japanese corporations which have cut jobs to weather the prolonged recession increased to 62.3 percent in an October survey from 59.9 percent two months earlier, the Labor Ministry said Tuesday [30 November]. Companies planning to reduce their staff in the near future increased to 63.5 percent from 60.5 percent, suggesting that the so-called "employment adjustment move" is spreading among Japanese businesses amid the serious recession.

The ministry said the figures were revealed in an emergency hearing on jobs conducted by its employment security offices across the nation.

Typical ways of reducing the work force include cutting overtime work and stopping midyear recruitment, the ministry said.

But more drastic ways are spreading, it said. The number of companies laying off workers rose to 13.5 percent in the latest survey from 7.6 percent in the previous survey, and the number of companies calling for voluntary retirement climbed to 3.0 percent from 1.5 percent.

The percentage of companies which said they have a "large surplus labor" increased to 7.5 percent from 5.0 percent, and those with a "moderate surplus" rose to 42.6 percent from 38.2 percent. On the other hand, companies with an "adequate labor force" declined to 35.0 percent from 36.7 percent, those with "a little shortage" to 14.1 percent from 17.7 percent and those with "a considerable shortage" to 0.8 percent from 2.5 percent, the ministry added.

Construction Ministry on Housing Starts Climb

OW3011061893 Tokyo KYODO in English 0555 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—Japan's housing starts in October climbed 7.8 percent over a year before to 134,527 units, extending the year-on-year increase to the 17th straight month, the Construction Ministry reported Tuesday [30 November]. The October rise followed a 10.6 percent increase in September.

The ministry said the construction of new owner-occupied houses surged 27.9 percent to 49,432 units, following a 34.7 percent rise in September. It was the fifth straight month of year-to-year increases, the ministry said.

Construction with loans from private financial institutions decreased 10.5 percent for the 16th straight month of decline, while public funded construction jumped 61.9 percent for the 21st straight month of increase.

Starts on houses for rent declined 9.8 percent to 60,134 units, following a 9.1 percent drop in September, the sixth straight year-to-year fall, the ministry said.

Starts on houses for sale soared 37.7 percent to 22,244 units for the sixth straight month of increase. The year-on-year rise stood at 30.8 percent in September.

The ministry said housing starts in the Tokyo area declined but those in other major urban areas increased.

In the Tokyo area, the decrease was 6.7 percent, in contrast with a 2.0 percent rise in the Nagoya area and a 17.2 percent climb in the Osaka area. Starts on new houses for sale in the Tokyo area surged 66.3 percent while rises in other major urban areas stood at 27.5 percent for the Nagoya region and at 51.1 percent for Osaka.

Government Agrees To Ease Real Estate Rules

OW3011060593 Tokyo KYODO in English 0510 GMT 30 Nov 93

[Text] Tokyo, Nov. 30 KYODO—The finance and trade ministers agreed Tuesday [30 November] to ease regulations on real estate transactions and provide tax cuts for some land dealings to prop up the slumping real estate market, government officials said. The agreement was reached in a meeting between Finance Minister Hirohisa Fujii and Hiroshi Kumagai, minister of international trade and industry, the officials said.

The two ministers agreed on the necessity to carry out structural reforms, including changes in the financing system, to stimulate real estate transactions, they said.

The government of Prime Minister Morihiro Hosokawa plans to implement the necessary measures toward the end of this year at the earliest on the basis of the agreement between the two ministers, according to the officials. The agreement calls for a study on tax breaks for corporations selling landholdings to restructure their operations.

North Korea

Spokesman Urges U.S. To Accept Package Deal

SK2911231293 Pyongyang Korean Central Broadcasting Network in Korean 2111 GMT 29 Nov 93

[Statement issued by the Foreign Ministry spokesman on 29 November—read by announcer]

[Text] The spokesman of the DPRK Foreign Ministry issued the following statement in connection with the fact that recently the U.S. President and other officials enumerated violent words and behavior that greatly incite us, thus creating a grave barrier in resolving the nuclear issue on the Korean peninsula.

Statement by the spokesman of the DPRK Foreign Ministry:

Recently, unusual moves are appearing in the United States that are creating a grave barrier in resolving the nuclear issue on the Korean peninsula. At a meeting to announce the result of the so-called U.S.-South Korea summit talks recently, U.S. President Clinton made a violent remark by finding fault with us, saying that if someone attacks us it will have to pay a dear price. Officials in the United States are also inciting us greatly and are making violent remarks running counter to dialogue.

It might be that these words and behavior stem from the purpose of having great influence over the South Korean person in authority, but we cannot but deal with this matter in a very prudent way because such words and behavior was made at a time when the issue of holding the three-stage DPRK-U.S. talks was put on the agenda. This can only be viewed as is a violent violation on the principle of the DPRK-U.S. joint statement and an act of betrayal on the other side of dialogue.

We put forth the package deal method out of the desire to resolve the nuclear issue on the Korean peninsula in a fundamental way from an equal and fair basis. Our package deal method is a fair method wholly coinciding with the principle of the DPRK-U.S. joint statement. The United States had assessed this positively at one time.

If the United States accepts the package deal method which we put forth, all issues related to the nuclear issue will be resolved including the issue of implementing the safeguards accord, and there is no need to take a lot of time here. However, currently, as the ringleader of the nuclear issue on the Korean peninsula, the United States is neglecting the responsibility and position that they are entrusted with. Also, it seems that while having no political principle they are moving toward the policy of pressuring and crushing [apsal] us by even dragging in a perpetrator.

Predictions are being prevalent with each passing within and without the Korean peninsula that a war may break out during the current South Korean person in authority's term of office. This is related to the fact that the South Korean authorities are working in every way to interfere in the smooth resolution of the nuclear issue by driving a wedge in the DPRK-U.S. talks, and that they are also continuously moving toward aggravating the situation.

The South Korean authorities are pretending to have some kind of interest in the implementation of the North-South joint declaration on denuclearization. However in reality, they are only abusing this as a damping device to interfere in the DPRK-U.S. talks.

For the U.S. authorities to secretly scheme with these kind of fellows shows that they are working to use South Korea as a shock brigade in their policy toward Korea and in carrying out their strategy in Asia by soothing the South Korean authorities who are currently oversensitive and to save their face.

When viewing this, we do not know whether the United States truly wants to resolve the issue through dialogue, or whether it is pursuing the policy of acting hostile and crushing [apsal] Korea in the same old way.

If the United States tries to crush [apsal] us by forcing their unjust demands through pressure toward us, the dialogue counterpart, the consequences arising therefrom will be truly dangerous. If the United States thinks that pressure can work on us, it is a miscalculation. It seems that the United States does not yet know very well about its dialogue counterpart.

Our people and the People's Army will never yield to anybody's pressure. When we declared our decision to withdraw from the Nuclear Nonproliferation Treaty [NPT], we were prepared for all possible circumstances, and we are fully prepared to safeguard the sovereignty of the country even if the worst event such as sanctions or war is imposed on us.

If the United States truly wants to resolve the nuclear issue, it must sincerely accede to the talks even now rather than resorting to the method of pressure such as sanctions and so on by running off the track of dialogue.

The South Korean authorities must realize that interfering in the progress of the DPRK-U.S. talks will only achieve ahead of schedule their self-destruction. They must correctly find ways to survive.

We want a peaceful resolution of the nuclear issue through dialogue. However, if the United States makes a blank paper out of the principle of the DPRK-U.S. joint statement and refuses to hold the talks, there will be no need for us to uncomfortably suspend any longer the effectuation of our withdrawal from the NPT [urinun taehwarultonghan haengmunjeui pyonghwajok haegyolul paragoitta. kurona migugi kkutnae chomigongdongsongmyongui wonchigul paekjihwahago hoedamul kumandugettamyon urido choyak taltoeui hyoryok palsaengul toisang pulpyonhage chongjisikyonoko issul piryoga opkedoelgossida].

Dialogue is not a gift from one side to the other side, and we have no intention to hold dialogue by receiving pressure. The success or failure of the peaceful resolution of the nuclear issue wholly lies on whether the United States has the will to give up its policy of crushing [apsal] Korea.

[Dated] 29 November 1993, Pyongyang

Spokesman Warns U.S. Against Applying Pressure

SK2911152293 Pyongyang KCNA in English 1505 GMT 29 Nov 93

["We Have No Idea of Having Dialogue Under Pressure, DPRK FM Spokesman"—KCNA headline]

[Text] Pyongyang, November 29 (KCNA)—A spokesman of the Foreign Ministry of the Democratic People's Republic of Korea reiterated that the DPRK wishes a peaceful and negotiated solution of the nuclear issue, "but," he stressed, "if the United States intends to nullify the principles of the DPRK-U.S. joint statement and discontinue the talks, there will be no need for us to suspend any longer the effectuation of our withdrawal from the Non-proliferation Treaty uncomfortably".

The spokesman issued a statement today in connection with ill-boding moves in the United States which lay grave hurdles to the solution of the nuclear issue on the Korean peninsula.

The statement stresses:

"If the United States acts to stifle the DPRK, pressuring the dialogue partner to accept its unreasonable demands, it will produce a very dangerous consequence.

"If the U.S. thinks pressure can work on the DPRK, it is a miscalculation.

"The United States seems not to know yet its dialogue partner.

"Our people and People's Army will never yield to anybody's pressure.

"When we declared our decision to withdraw from the Nuclear Non-proliferation Treaty, we had taken into account all possible consequences, and we are fully prepared to safeguard the sovereignty of the country even if the worst event such as 'sanctions' or war is imposed on us.

"If the United States truly wants the solution of the nuclear issue, it must sincerely accede to the talks rather than resort to pressure such as "sanctions" and the like out of the orbit of the dialogue.

"The South Korean authorities had better seek a true way out, mindful that their obstructions to the progress of the DPRK-U.S. talks would precipitate their own destruction.

"Dialogue is not a gift of one party to the other, and we have no idea of having dialogue under pressure.

"Success or failure in the peaceful solution of the nuclear issue entirely depends on whether the United States has the willingness to renounce the policy of stifling the DPRK, or not."

The spokesman recalled that the DPRK proposed a formula of package solution of the nuclear issue on the Korean peninsula. "If the United States accepts the DPRK-proposed formula of package solution, all problems related to the nuclear issue including the compliance with the safeguards agreement will be solved and it will not take much time," said the spokesman.

U.S. Soldiers' Remains Transferred at Panmunjom

SK3011101893 Pyongyang KCNA in English 1012 GMT 30 Nov 93

[Text] Panmunjom, November 30 (KCNA)—Remains of 33 U.S. soldiers killed in the Northern half of Korea during the Korean war and unearthed by the DPRK side were handed over to the U.S. side at Panmunjom today under the "Agreement on Remains" which was adopted on August 24, thanks to the humanitarian position of the DPRK Government.

Personnel of the U.S. side including the head of the working group concerned with the remains issue came over to the DPRK side's portion of the area of the conference room at Panmunjom to confirm the remains of 33 American soldiers including James C. Caldwell (service number RA17099614), Jose M. Parra (service number ER19214905), F.M. Morales (service number ...32345345) [number as received].

After confirming the remains of the American soldiers, the head of the working group of the DPRK side delivered the remains to his U.S. counterpart, authorized by the militaries of both sides.

After signing the paper verifying the delivery, U.S. Army Colonel Forrest S. Chilton, head of the working group of the U.S. side, expressed thanks to the DPRK Government for the unearthing and delivery of the remains of many American soldiers, saying such measure would contribute to peace on the Korean peninsula.

U.S.-ROK 'Special Agreement' on Forces Noted

SK2811101993 Pyongyang KCNA in English 0806 GMT 28 Nov 93

[Text] Pyongyang, November 28 (KCNA)—The South Korean "civilian government" signed with the United States on November 24 a "special agreement" that stipulates that South Korea should cover one third of the cost for the maintenance of the U.S. Forces in South Korea, according to a radio report from Seoul.

At the South Korea-U.S. "annual Security Consultative Meeting" held in Seoul in November 1991 [year as received], the United States demanded the puppets to offset one third of the maintenance fees of the U.S. Forces in South Korea in return for accepting the latter's begging for the continued guarantee of "nuclear umbrella".

Having complied with this demand of the United States, the South Korean authorities this time stipulated it in the aggressive and treacherous "special agreement".

Commentator Berates Kim Yong-sam for U.S. Trip

SK3011140293 Pyongyang Korean Central Broadcasting Network in Korean 1153 GMT 30 Nov 93

[Commentary by Chong Pong-kil: "A Nation-Selling Act of Plotting To Do Harm to and Seeking Confrontation With the Fellow Countrymen"]

[Text] According to a broadcast report from South Korea, the South Korean ruler on 29 November made a report on the result of his U.S. junket at the main session of the National Assembly. His report was worthless as it was his boasting of some achievement he made during his U.S. junket. Since he raved about our nonexistent nuclear issue and recklessly criticized us, we must make an issue of it.

In the so-called report, Kim Yong-sam loudly raved that he succeeded in forming a joint cooperation system among the Asia-Pacific countries for the resolution of the North's nuclear issue through talks with the leaders of the Asia-Pacific Economic Cooperation [APEC] meeting during his U.S. junket. In particular, Kim Yong-sam said he confirmed in talks with the U.S. President that the nuclear inspection by the International Atomic Energy Agency and North-South mutual inspection was a prerequisite to the resolution of the North's nuclear issue. He then raved that South Korea will make the final decision on the Team Spirit war exercise and that the United States and South Korea will jointly cope with any provocation by the North. He also raved that the United States made it clear that there will be no reduction of U.S. forces in South Korea until the North's nuclear issue is resolved.

This shows that Kim Yong-sam's U.S. junket was a flunkeyist traitorous junket contradicting the South Korean people's aspiration for independence, democracy, and reunification—a filthy junket by the flunkeyist traitor designed consistently for confrontation between fellow countrymen and for harming the fellow countrymen.

As everyone knows, the commotions in connection with the so-called suspicion of nuclear development and inspection is the product of stratagem and machinations staged by the international reactionary forces scheming to gain something in return for crushing [apsal] our Republic, the fortress of socialism, and destroying our nation. If some special inspection or sanctions are forced upon us, as they are scheming for, and our sacred land of the country is infringed upon, it will become a blasting fuse that will lead the entire land, both the North and the South, to the calamity of war. If Kim Yong-sam truly cares for the nation and desires peace on and the peaceful reunification of the Korean peninsula, he should oppose the maneuvers of international reactionaries who are plotting to do harm to the fellow countrymen.

On the contrary, he kept himself busy to form the so-called joint cooperation system aimed at crushing the fellow countrymen in collusion with foreign forces. What an anticommunist maniac he is! Kim Yong-sam's mean act is an antinational crime aimed at blocking the resolution of the nuclear issue on the Korean peninsula and leaving South Korea indefinitely as a U.S. nuclear forward base. This is an act that can only be committed by the traitor to the nation, the flunkeyist traitor who has no national conscience at all and whose diehard nation-selling treachery has become an incurable fundamental nature.

At the talks with the U.S. President, Kim Yong-sam begged for permanent occupation in South Korea of U.S. aggression troops. It has been decided that South Korea will make the final decision on the Team Spirit joint military exercise and that the United States and South Korea will jointly cope with someone's provocation. This means that South Korea is trying to bring the United States into a Northward invasion war.

The issue of whether or not the Team Spirit war exercise is discontinued is one of the important issues determining if the tension on the Korean peninsula is eased or aggravated.

We have strongly urged that the Team Spirit war exercise be discontinued. At the DPRK-U.S. talks, we and the United States adopted the joint statement on assurances against the threat and use of armed forces, including nuclear weapons.

Taken by surprise, the South Korean puppets are babbling as if they had the right to make the final decision on the Team Spirit war exercise. They are advertising someone's provocation.

Those—who have turned South Korea into a nuclear forward base, the largest in the Far East, by bringing approximately 1,000 U.S. nuclear weapons into South Korea; who have run wild in developing nuclear weapons; and who are frantically preparing for a new war—are babbling about someone's nuclear development and provocation. This is brazen jargon, like a thief calling another a thief.

Kim Yong-sam—who is frantically maneuvering to conduct the Team Spirit war exercise to which the entire people of the North and the South strongly object; and who, not content with clinging to the coattails of foreign forces, is trying to bring them into the aggression war against the fellow countrymen—is the villainous warmonger of the civilian-controlled government and the traitor against the country.

It is too natural that there was nothing worthy of listening to in the traitor's so-called report. Therefore, even after Kim Yong- sam began his speech, lawmakers of the opposition party did not enter the plenary session hall. Even some opposition party lawmakers who were present spent time chattering. Thus, they challenged Kim Yong-sam's speech.

Kim Yong-sam is committing more and more wrong things against ~~the country~~ and the nation with each passing day. He is thus committing indelible crimes.

Mindful of the end of his preceding dictators, who had committed crimes before the nation, Kim Yong-sam should act with discretion.

KCNA Criticizes Kim Yong-sam's Assembly Speech

SK3011105093 Pyongyang KCNA in English 1042 GMT 30 Nov 93

["Ridiculous Jargon of Traitor"—KCNA headline]

[Text] Pyongyang, November 30 (KCNA)—Kim Yong-sam told the "National Assembly session" on November 29 that through his recent "talks" with U.S. President Clinton "a common stand was readjusted definitely" to cope with the North's "nuclear problem" and it became possible to "establish an international cooperation system".

This vividly shows that his U.S. trip was from a to z a trip of treachery against the nation which was intended to harm the fellow countrymen at any cost and impose "sanctions" and pressure upon the Democratic People's Republic of Korea through an "international cooperation system".

Kim Yong-sam's act shows he is hindering the DPRK-U.S. talks in order to check a smooth solution of the nuclear problem and keep the situation on the Korean peninsula strained.

He told the "National Assembly" that in his "talks" with the U.S. President, he confirmed that "inspection by the International Atomic Energy Agency" and "North-South dialogue" are "preconditions" for the DPRK-U.S. talks. This is quite absurd.

It is imprudent of Kim Yong-sam, a mere colonial puppet not qualified for dialogue for the solution of the nuclear problem on the Korean peninsula, to poke his nose into the issue which should be solved between the DPRK and the United States.

It must not go unnoticed that Kim Yong-sam declared that in his "talks" with Bill Clinton, he "reaffirmed the security cooperation system" with the United States and, "especially," they "renewed the resolution to jointly counter any provocation of the North."

We cannot but take a serious view of the fact that the United States, instead of seeking a negotiated solution of the nuclear problem, is persistently pursuing the hostile policy of stifling the DPRK, hand in glove with the South Korean authorities. This is a wanton violation of the DPRK-USA joint statement and a perfidious act against its dialogue partner.

The United States and the South Korean authorities must look squarely at the trend of the time and promptly stop trying to stifle the DPRK.

South's 'Plot' on POW Documents Denounced

SK2811115293 Pyongyang Korean Central Broadcasting Network in Korean 1151 GMT 27 Nov 93

[Commentary by Yun Pyong-son: "Mean Smear and Slanderous Plot by Fabrication Experts"]

[Text] The South Korean agency for National Security Planning [NSP] is perpetrating a mean smear and slanderous plot in connection with secret documents related to the Korean People's Army [KPA] POW's found on Koje Island.

The NSP, through the magazine WOLGAN CHUNGANG, denied the inhuman acts perpetrated by the U.S. forces against the People's Army POW's during the fatherland liberation war. It viciously slandered the North, alleging that the letter written by the People's Army POW's to the World Peace Conference and the remains they left were fabrications of the North's agents, thus provoking us.

This is a groundless smear plot that can only be fabricated by the NSP, which is capable of devising all sorts of lies, and is a premeditated scheme to instigate and aggravate distrust and confrontation between the North and the South and to back and shield barbarous acts committed by U.S. forces against fellow countrymen.

As it has been reported, when land cultivation work was being done last December in Yongsan village, Sangdong-ri, Sinhyon-up, Koje County, South Kyongsang Province, where the POW camp was located, the letter written by the People's Army POW's to send to the World Peace Conference in Paris, and over 30 kinds of other documents were found. This fact was reported by South Korean HANGYORE SINMUN. These documents were wrapped in a raincoat inside a large-size bottle. The letter addressed to the World Peace Conference in Paris, which was discovered among the documents, was written in ink on a white cotton cloth measuring 80 centimeters in width and 120 centimeters in length, which was obviously cut from underwear.

The NSP stubbornly insisted that the letter and the remains left over 40 years ago do not match the POW camp number, that the content of the letter is inadequate and so forth. It even described them as something buried by the North's agents. Indeed, this is the zenith of absurd and preposterous remarks.

The letter written by the People's Army POW's revealed that the U.S. forces not only fired at the POW's after making them stand in a row in order to test their rifles but also conducted live body tests, including bacteriological weapons tests, against the POW's.

Such barbarous acts coincide with horrible acts exposed by the letter of appeal by the POW officers and men of the People's Army in Koje Island made public in June 1952. Thus, there cannot be any suspicion of these acts. All inhuman massacres and barbarous acts committed by U.S. forces against the POW's of the People's Army are a wanton violation of officially recognized international laws that strictly prohibit the use of chemical and bacteriological weapons. These are terrible intolerable crimes, for which all men, the Korean people in particular, cannot suppress indignation.

The NSP hooligans, even though they could not possibly condemn such murderous crimes together with fellow countrymen, rather controlled secret documents found in the site of POW camp in Koje Island so that they should not be known to the world, and blocked the delivery of these documents to our side by the South Korean Red Cross. Moreover, it manipulated paid journalists to publish preposterous, slanderous articles. This illustrates how a shameless traitorous group it is.

As far as the author who wrote the article at the request of the NSP is concerned, he is a despicable hack writer who is widely known among the South Korean people as a secret agent of the NSP. This indisputably proves that the article written by such a hack writer preoccupied in anticommunist and anti-North writing activities is a product of the script of the NSP.

The recent smear and slanderous maneuvers pertaining to the secret documents of the POW camp in Koje Island again clearly show how hateful and cancerous existence the NSP has in the nation in view of North-South relations and reunification.

From the outset, the NSP was the general headquarters of anticommunist plot and oppression, which waged anticommunist and anti-North commotions and instigated North-South confrontation by fabricating slanderous incidents and suppressed patriotic reunification forces in South Korea by preposterously linking them with us.

Even after the so-called the civilian regime came to power in South Korea, the NSP, as in the past, laid obstacles to the road of national reconciliation and unity and of reunification by controlling all the affairs related to North-South dialogue and reunification.

The article in SAHOE PYONGNON [SOCIAL CRITIQUE], a South Korean magazine, wrote that as far as South Korean policies on the North are concerned, the NSP is charged with their production and script while the Board of National Unification only plays the supplementary role. This is not an accident.

The puppets are wildly running amok to harm fellow countrymen in collusion with outside forces on a pretext of our nonexistent so- called nuclear issue. Their nuclear commotion cannot be thought of without the behind-the-scenes manipulation of the NSP.

It is quite natural that the people from all walks of life in South Korea raised voices demanding the disbanding of the NSP, branding it as a stumbling block in national reconciliation and reunification.

In order to expedite the cause of national reunification through great national unity, antireunification smear and slanderous organizations, such as the NSP, which are engrossed only with the task to intentionally aggravate North-South relations by instigating distrust and sense of hostility, should be dissolved at once.

The South Korean authorities should candidly admit the truth of the smear and slanderous maneuvers pertaining to the secret documents of the People's Army POW's found in Koje Island. They should promptly take a step to hand over the documents to our side through the South Korean Red Cross. They should disband the NSP as demanded by the South Korean people.

KCNA Discusses POW 'Letter'

SK2811094993 Pyongyang KCNA in English 0821 GMT 28 Nov 93

[Text] Pyongyang, November 28 (KCNA)—South Korean publications exposed the atrocities of the U.S. imperialist murderers at the POWs camp on Koje Island on the South Sea [Sea of Japan] of Korea in the fatherland liberation war (June 25, 1950-July 27, 1953) and the plot of the South Korean "Security Planning Board [SPB]" to cover them up.

On December 14 last year when the arable land was readjusted on the ruins of the old POWs camp in Yongsan village, Koje County, South Kyongsang Province, a letter written by prisoners of the People's Army and some 30 documents were found in a big bottle covered by a raincoat. They were reported by the South Korean newspaper HANGYORE SINMUN.

In this connection, the Central Committee of the Red Cross Society of the Democratic People's Republic of Korea sent a letter to the South Korean Red Cross requesting it to deliver the discovered letter and remains to the North side. The South side, however, had kept mum about it before committing a criminal act to fool the public opinion. It suddenly let the magazine WOLGAN CHUNGANG carry in its August issue this year an article alleging that there is an ample possibility that the letter was "Forged By the North's "Special Operation Section" or a "Secret Operation Organization" in the South for "Psychological Purpose."

According to the July issue of the South Korean magazine KIL this year, the letter of People's Army POWs unearthed 40 years after it was written had been open to public for sometime. It was kept in a picture frame at the "Exhibition of Remains of the POWs Camp on Koje Island" which was opened last year. But, the South Korean authorities took the letter back and banned it from being open to public in early may when the North side asked them to deliver it.

The magazine said the letter was written on cloth 86 centimetres wide and 110 centimentres long patched up with pieces of POWs' underwear. 234 prisoners put their signature and blood fingerprints to it.

The letter as long as over 100 pages of copypapers was written to be sent to the Paris World Peace Conference. People's Army POWs at Camp No. 6 fully exposed in their letter the barbarities of the U.S. imperialists in using them for such living-body tests as performance tests of guns and germ weapons and their massacre for preventing their repatriation.

When the magazine made it public, the South Korean anti-national elements viciously slandered it. They carried an article in WOLGAN CHUNGANG alleging that the letter written by POWs was a "forgery" and, in a bid to "vindicate" this, claimed that there was no "Camp No. 6" on Koje Island and a certain "expression" was not one used by the North at that time.

Worse still, they asserted that the U.S. Forces did not drop bacteriological bombs during the Korean war, denying the fact that they used POWs for a test germ warfare.

When the magazine KIL carried a commentary in August bringing the deceptive nature of the article into bold relief, the "SPB" let WOLGAN CHUNGANG carry another article in September speaking ill of the commentary.

In this regard, KIL ran a commentary again in its October issue revealing that Yi Ki-pong who contributed the deceptive articles to WOLGAN CHUNGANG was a secret agent of the "SPB."

According to the commentary, the author of the article styled himself a "researcher" of the "Institute of International Affairs." But the "institute" denied it and a reporter of WOLGAN CHUNGANG said he was told that the author "studies affairs concerning the North" serving the "SPB" as its "associate member."

The shocking human rights abuses and massacre by the U.S. murderers against POWs of the People's Army surpass the brutalities by fascist Germany. They are an intolerable insult to human conscience.

The Kim Yong-sam "regime" advertising "civilian administration" is now working out a plot through the "SPB" to cover up the black crimes of the U.S. imperialist aggressors, instead of condemning them. This fully shows that it is an anti-national "regime" little different from the preceding dictatorial "regimes" and is the most brazen-faced pro-American, flunkeyist "regime."

The South Korean authorities must stop the smear campaign and immediately deliver to the North side the letter of POWs and other remains unearthed on Koje Island.

ROK Students' Rally on Rice Market Noted

SK2811091893 Pyongyang KCNA in English 0803 GMT 28 Nov 93

[Text] Pyongyang, November 2 (KCNA)—Students in Kwangju affiliated with the Kwangju-South Cholla Provincial Federation of General Student Councils (Namchongnyon) including Chonnam University and Korea University held a rally of 100,000 fellow students to check the opening of rice market and staged a demonstration on November 26, according to a radio report from Seoul.

At the rally they declared death-defying opposition to the opening of rice market, denouncing the "civilian government's" policy of opening the rice market as an anti-national policy of further subjugating South Korea to the United States.

At the end of the rally the students took to streets and staged a demonstration.

When riot police fired tear gas at random at the demonstrators, the students resisted it with a fierce stone-pelting.

Moscow Radio Says Premier To Visit PRC in Dec

OW2911175393 Moscow Radio Moscow in Mandarin 1300 GMT 29 Nov 93

[From the "Good Evening, China" program]

[Text] In early December, Premier Kang Song-san of the DPRK will pay a formal visit to China. It is expected that the basic topic to be discussed at negotiations in Beijing will be the DPRK's position on the nuclear issue and the situation centering around this issue.

It should be mentioned that since China and the ROK established diplomatic ties in August 1992, contacts between Pyongyang and its traditional trade and military partner have been at a standstill. Providing aid to North Korea, whose economic situation is getting worse at present, will be one of the major topics to be discussed at negotiations in Beijing. In addition, Pyongyang's high-ranking delegate will also have to clarify the UN's possible economic sanctions against the DPRK discussed by the U.S. and ROK presidents. Not long ago, Chinese leader Jiang Zemin held talks with U.S. and ROK presidents in Seattle.

It should be noted that the idea of imposing sanctions on North Korea was developed following the DPRK's decision in March this year to withdraw from the Nuclear Nonproliferation Treaty and its refusal to allow experts from the International Atomic Energy Agency to inspect nuclear installations. The Pyongyang authorities are clearly aware that this idea will not be adopted if China exercises its veto power in the UN Security Council. Therefore, another major purpose of Kang Song-san's visit is to persuade China to exercise its veto power if the UN resumes discussions of Korea's nuclear issue.

In connection with this point, it would be proper to recollect another fact—so far, the Chinese delegate has voted against sanctions on North Korea at the Security Council while calling on the UN to solve the nuclear issue on the Korean peninsula through diplomatic means. Indeed, dialogue is the best way to solve any problem, particularly the nuclear problem. However, proper evaluation should be given to China who has advocated this method.

It should be noted that Chinese Vice Foreign Minister Tang Jiaxuan made a statement during a meeting with ROK Foreign Minister Han Sung-chu in Beijing at the end of November. The Chinese diplomat maintained: The issue of imposing sanctions against the DPRK should be approached very cautiously. With this in view, the Pyongyang authorities cherish high hopes of the visit to Beijing by the North Korean premier. The visit will have a great bearing on maintaining peace and security not only in the Korean peninsula but also in Northeast Asia as a whole in the future.

Chongnyon Urges U.S. To Accept Package Deal

SK2511111493 Pyongyang KCNA in English 1017 GMT 25 Nov 93

[Text] Pyongyang, November 25 (KCNA)—Officials of the General Association of Korean Residents in Japan (Chongnyon) issued statements urging the United States to immediately accept the proposal of the Democratic People's Republic of Korea for a package settlement which will open a definite prospect for the solution of the nuclear problem.

Pak Ku-ho, chairman of the League of Korean Youth in Japan, in his statement said that if the United States truly has the intention to solve the nuclear problem, it should abide by the fundamental principle agreed upon between the DPRK and U.S. and immediately accede to the DPRK's formula of a package settlement.

So Cha-yon, chairwoman of the Democratic Union of Korean Women in her statement stressed that the United States should sincerely come out for a success of the third stage of the DPRK-USA talks in accordance with the basic spirit of the joint statement agreed upon between the DPRK and United States.

The United States, she said, should act, well aware that with no threat and blackmail can it bring into submission the socialist motherland and the Korean people advancing in singlehearted unity under the guidance of the dear leader Marshal Kim Chong-il, holding the great leader Generalissimo Kim Il-song in high esteem.

It is only too clear that the problem can not be solved with any technical and practical rules under the situation where the political factor which caused the withdrawal of the DPRK from the Nuclear Nonproliferation Treaty has not been settled, said Pae Pyong-tu, chairman of the Tokyo Metropolitan Headquarters of Chongnyon. He strongly demanded the United States to renounce its policy hostile to the DPRK, the policy of stifling it and accede to the DPRK's formula of package settlement.

Chongnyon Leader Meets Chuche Institute Chief

SK2811091593 Pyongyang KCNA in English 0800 GMT 28 Nov 93

[Text] Tokyo, November 26 (KNS-KCNA)—Yi Chin-kyu, first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), met with Shuhachi Inoue, director general of the International Institute of the Chuche Idea, who visited the Korean hall in Tokyo on November 24.

First Vice-chairman Yi Chin-kyu congratulated the director general upon being awarded "international Kim Il-song prize" and wished him success in his future activity.

Daily Says Japan Must Renounce 'Hostile' Policy

SK2811090793 Pyongyang KCNA in English 0831 GMT 28 Nov 93

[Text] Pyongyang, November 28 (KCNA)—The Japanese reactionaries must discard their anachronistic daydream and renounce the policy hostile to the DPRK, says NODONG SINMUN in a by-lined article Sunday.

The successive Japanese reactionary ruling quarters, far from honestly reflecting on, apologizing and atoning for the wrong past in the relations with the DPRK, have engaged in anti-DPRK campaign, hurling abuses and slanders at the DPRK, the article says, and continues:

Whenever the DPRK put forward new fair and aboveboard reunification proposals, the Japanese reactionary ruling quarters vilified them, describing them as "unfeasible" ones aimed at "propaganda effects" in an effort to create "two Koreas".

Nowadays, they are getting overheated in the frantic anti-DPRK campaign on the plea of the fictitious "nuclear suspicion" and "missile threat" of the DPRK.

The Japanese reactionary ruling quarters' talk about "nuclear threat", "missile threat" from the North is preposterous, and it is a brigandish logic. It is not the DPRK but Japan that poses a nuclear threat, missile threat in actuality.

The Japanese reactionaries seek a heinous aim in intensifying the anti-DPRK campaign.

The Japanese ruling quarters hope that the present division of the Korean peninsula will last indefinitely, and intend to isolate and stifle the DPRK in the international arena.

They are also trying to find a pretext for invading Korea while making haste with the conversion of Japan into a military power and nuclear armament by taking issue with the DPRK.

Their intention to attain the sinister aim against the DPRK only reveals that the aggressive nature of the revived Japanese militarism still remains unchanged.

WPK, German Party Issue Joint Statement

SK2711052093 Pyongyang KCNA in English 0500 GMT 27 Nov 93

[Text] Pyongyang, November 27 (KCNA)—A joint statement between the Workers' Party of Korea [WPK] and the Communist Party of Germany [CPG] was published here on November 25.

According to the statement, a delegation of the Communist Party of Germany headed by its co-chairman Rolf Priemer paid a visit to the Democratic People's Republic of Korea from November 19 to 25.

During the visit, talks were held between a delegation of the WPK and the delegation of the CPG.

At the talks, the WPK highly appreciated the energetic activities of the CPG for social progress and the cause of socialism against monopoly capital and wished it great success in implementing the decisions of its 12th congress.

The CPG warmly congratulated the Korean people on their successful building of socialist society under the leadership of the WPK and highly appreciated the feats of the WPK in achieving a singlehearted unity of the leader, the party and the masses.

On the basis of the developments in the international arena in recent years, the sides reaffirmed that only when a country takes the road of socialism can it free the popular masses from all manner of domination and subjugation and ensure them a free, equal and dignified life.

They reached a unanimity of view that it is an indispensable requisite to a powerful promotion of the socialist cause to strengthen and develop international unity and bonds of solidarity among communist and workers' and other progressive parties of the world.

The sides held that all the foreign military bases in different parts of the world must be dismantled and foreign forces withdrawn unconditionally and, in particular, nuclear weapons deployed in and around the Korean peninsula must be removed.

The Communist Party of Germany expressed full support to and solidarity with the Korean people in their struggle to achieve the peaceful reunification of the country and the Workers' Party of Korea manifested solidarity with the German communists in their struggle for peace and disarmament against the aggression and war policy of the imperialists.

Economic Delegation Returns From Libyan Visit

SK2811143793 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 28 Nov 93

[Text] A government economic delegation from our country headed by Yi Song-tae, chairman of the External Economic Committee, flew back home on 27 November after attending the 10th meeting of the joint committee between the Governments of the DPRK and Socialist People's Libyan Arab Jamahiriyah. The delegation was greeted at the airport by Hong Hak-su, vice chairman of the External Economic Committee, and the acting secretary of the Libyan People's Office in our country.

Kim Il-song Sends Solidarity Message to 'Arafat

SK2811095093 Pyongyang KCNA in English 0833 GMT 28 Nov 93

[Text] Pyongyang, November 28 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of solidarity to Yasir 'Arafat, president of the state of Palestine and chairman of the Executive Committee of the Palestine Liberation Organisation, on the "day of world solidarity with Palestinian people".

In the message President Kim Il-song says that the Korean people will, in the future, too, stand on the side of the Palestinian people in the struggle to retake their legitimate national rights, and actively support the just cause of the Palestinian people.

He wishes the president and people of Palestine success in their struggle for the final solution of the Palestinian issue and expresses the conviction that the friendly relations between the two countries will grow stronger and develop.

Palestine Friendship Gathering Held 29 Nov

SK3011045993 Pyongyang KCNA in English 0424 GMT 30 Nov 93

[Text] Pyongyang, November 30 (KCNA)—A friendship gathering took place Monday at the Korea-Palestine Friendship Pyongyang Tongdaewon Senior Middle School on the occcasion of the "Day of world solidarity with the Palestinian people".

Invited there were Palestinian Ambassador to Korea Shahir Mohammed and embassy officials.

Also present there were officials concerned and teachers and pupils of the school.

The participants saw a performance given by school art circle members and talked to each other, deepening feelings of friendship.

Kim Il-song Greets Barbados Prime Minister

SK2911112393 Pyongyang KCNA in English 1039 GMT 29 Nov 93

[Text] Pyongyang, November 29 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings to Barbadian Prime Minister Erskine Sandiford on the 27th anniversary of the independence of Barbados.

The message wished the prime minister and people of Barbados success in their work for the prosperity and development of the country and expressed the belief that the friendly relations between the two countries would further develop.

Kim Chong-il Greets Garment Functionary

SK2911053193 Pyongyang KCNA in English 0450 GMT 29 Nov 93

[Text] Pyongyang, November 29 (KCNA)—The dear leader Comrade Kim Chong-il sent a sixtieth birthday-table to O Kil-sun, secretary of the Primary Party Committee of the Pyongyang Municipal General Bureau of Clothing Industry.

O kil-sun is a daughter of the late O Chung-hup, an anti-Japanese revolutionary fighter.

Comrade Kim Chong-il who greatly values and loves the bereaved sons and daughters of revolutionaries has taken a warm care of her social and family life so that she might grow up to be a revolutionary soldier boundlessly faithful to the great leader Comrade Kim Il-song like her father.

Upon receiving the sixtieth birthday-table of benevolence, O Kil-sun said she would discharge her duty with credit and carry forward the O's family line by bringing up her children to be true faithful retainers and dutiful sons and daughters boundlessely loyal to the party and the leader as befitting the descendants of an anti-Japanese revolutionary fighter.

Kim Chong-il's Ideas on Socialism Lauded

SK2911095093 Pyongyang Korean Central Broadcasting Network in Korean 0200 GMT 28 Nov 93

[Unattributed talk: "Our People's Pride in Advancing by Clearly Looking at the Road of the Socialist Cause"]

[Text] The people carrying out the revolution want to advance by clearly looking at their road to the future. However, this cannot become a reality even if the people so desire. This is a fortune that can be cherished only by the people who uphold the outstanding thinker and theoretician at the van of the revolution.

Today our people are overflowing with pride in having brilliantly inherited the chuche socialist cause, carrying it to accomplishment, by upholding the great leader [yongdoja], and in victoriously carrying out the revolution and construction with precise guiding ideology without even a slight degree of deviation and vicissitudes.

In recent years, socialism was frustrated and ruling parties collapsed in many countries, thereby a grave situation prevailed. However, only in our country, socialism took firm root in the hearts of the people and revolution and construction are vigorously advancing forward along the straight road. This is entirely because we hold in high esteem the dear leader Comrade Kim Chong-il as the great leader [yongdoja] and because there are chuche-oriented ideas and theories elucidated by the comrade leader.

The socialist cause is guided by scientific guiding ideology. The socialist society based on collectivism cannot advance, even a step forward, without correct guiding ideology.

Today's reality, in which socialism collapsed in many countries and people are undergoing temporary complications, clearly proves the truth that only when one has great guiding ideology, can one carry to accomplishment the socialist cause.

The cause of developing and accomplishing the socialist idea in compliance with the demand of the development of the time and revolution is to be carried out by the outstanding thinker and theoretician—the leader of the revolution. The most important mission assigned to the leader [yongdoja] who leads the socialist cause is to clearly illuminate the future road of the socialist cause—the cause of popular masses for independence—by developing the guiding ideology of revolution.

Today the socialist cause in our country is being guided [hyangdo] by ideas and theories elucidated by the dear leader Comrade Kim Chong-il. The elucidation of the great ideas and theories that guide the socialist cause of our era is the most brilliant achievement of all others attained by the dear leader Comrade Kim Chong-il. The respected leader Comrade Kim Il-song has taught: Comrade Kim Chong-il is glorifying our party's chuche idea to be the great guiding idea in the era of independence by carrying out ideological and theoretical activities with uncommon research power and energy.

The dear leader Comrade Kim Chong-il is further enriching and comprehensively deepening and developing the chuche idea with new principles and contents in compliance with the demand of developing the present era and revolution.

The characteristic of ideological and theoretical activities of dear leader Comrade Kim Chong-il, who is deepening and developing the chuche idea, is that he researches and uniquely develops all ideas and theories thoroughly based on the practice of the revolution in our era.

The great ideas and theories that lead the socialist cause to victory are to emerge from the practice of the revolution. It is the firm faith of dear leader Comrade Kim Chong-il that theories should be made to be tested and put into practice.

The dear comrade leader always considers the demands of the time and developing realities, instead of existing theories and past experience, as the basic source for theoretical research and speculation. He deems it as a foundation for his ideological and theoretical activities to give scientific explanation based on analysis of such research and speculation.

An urgent historical task in our times is to resolutely protect and defend the socialist cause from the offensive by imperialists and by those who betrayed socialism and to consummate it.

Based on his profound analysis of the situation, in which obstacles had been created on the road of socialism, the dear leader Comrade Kim Chong-il presented great ideas and theories that make it possible to protect, defend, and victoriously consummate the socialist cause.

Many of the dear comrade leader's works—including "Historic Lessons of Socialist Construction and Our Party's General Line," "On the Fundamental Questions of Revolutionary Party Building," and "Abuses of Socialism Are Intolerable"—give scientific explanations about basic reasons for the frustration of socialism and for the collapse of socialist ruling parties, and clearly show the way for true socialism and revolutionary party building.

Like this, the dear leader Comrade Kim Chong-il has carried out his ideological and theoretical activities always in accordance with the demand of the times and by observable revolutionary practice.

The dear leader Comrade Kim Chong-il's meditation and research in recent years is all for protecting and defending socialism. The dear comrade leader's extraordinary abundant and ranging revolutionary practice in our times is the source of the fresh and mighty ideas and theories. Therefore, all of his ideas, theories, principles, and propositions reflect fully the demand of revolutionary practice and the aspiration of the times.

By carrying out thoroughly in practice his ideological and theoretical activities, the dear comrade leader could find valuable truths that answer various theoretical and practical problems emerging in the course of implementing the socialist cause and could make the immortal contribution to implementing the revolutionary cause of the working class.

The socialist ideology became more absolutely perfect and a bright future of socialism opened as the dear leader Comrade Kim Chong-il carried out his ideological and theoretical activities while putting them into revolutionary practice.

This shows that the most urgent problem in the course of advancing the socialist cause, which was frustrated in some countries, on its orbit has been solved. This has great historical significance, in light of the historic lesson that the socialist cause can be consummated only with a great guiding ideology.

In point of fact, if countries had developed and completed the socialist ideology in accordance with the demand of the times and with the developing revolution and had armed the popular masses firmly with it, they would not have brought the tragedy of tearing down socialism as the result of an ideological stir caused by a delusion of capitalism that followed their failure to recognize capitalist society's reactionary nature and corruption.

The dear comrade leader's effort to complete the socialist ideology at a tremendously high level is a truly immortal contribution to this age, in which people have learned the lesson that the socialist ideology should be completed and the popular masses should be armed with it.

The dear comrade leader's ideas and theories became a revolutionary banner that encourages revolutionary and progressive people of the world, who struggle for sovereignty, independence, and socialism, and elucidates their road ahead.

Revolutionary people have now realized the road they must take after learning the dear comrade leader's ideas and theories, and are vigorously struggling to rehabilitate [chaegon] the socialist cause, filled with faith and fighting spirit. Their struggle will prove more vigorously the traction power and invincible vitality of the dear comrade leader's great ideas and theories as days go by.

Now our people have boundless dignity and pride in carrying out the revolution with the great ideas and theories that shine along with the dear comrade leader's name, and they are hardening their resolution to make them their flesh and blood and to embody them more completely.

The dear leader Comrade Kim Chong-il has accumulated peerlessly great ideological and theoretical achievements by carrying out energetic ideological and theoretical activities. The dear comrade leader's achievements will shine forever along with the struggle for socialism by the people of our age.

The Korean revolution, which is advancing along the road elucidated by the chuche socialist ideas and theories that the dear leader Comrade Kim Chong-il has intensified and developed, will always be ever-victorious.

Importance of Collectivism, Comradeship Noted

SK2711032493 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 23 Nov 93

[From the serial talk program "The Ray of Chuche": "Bringing Collectivism, Comradeship Into Full Play Is an Important Demand for Consolidating and Developing Socialism of Our Own Style"]

[Text] Collectivism and comradeship are the foundation and firm guarantees for consolidating and developing socialist society.

Collectivism in which all members who comprise the group share comradeship, life and death, and the sweet and the bitter by helping and leading each other is the love linking the revolutionary comrades who struggle for a common idea and purpose.

Collectivism and comradeship are closely connected with each other and jointly displayed. Apart from collectivism, comradeship cannot be discussed, and apart from comradeship, firmness and development of collectivism are unthinkable.

Socialism of our own style is socialism where the leader [suryong], the party, and the masses are firmly united, and where a socio-political organism is formed. Therefore, because the life of our country's socialism depends on collectivism, bringing collectivism and comradeship into full play is an important demand for consolidating and developing socialism of our own style.

The dear leader Comrade Kim Chong-il has noted: The life of our country's socialism depends thoroughly on collectivism. Socialist society exists and develops on the basis of collectivism. Herein lies the essential distinctiveness of socialism which differs from all other exploiting societies.

Free from all sorts of exploitation and suppression, socialism of our own style is socialism which embodies the demand and aspiration of the working masses, including the working class, who want to share life and death, the sweet and the bitter in one immortal socio-political organism and to develop themselves by living independently and creatively.

The demand and interests of the socialist group united as one socio-political organism is a priority in our country's socialism and all members of our society unite in a comradely spirit of sharing life and death, the sweet and the bitter for the realization of these demands and interests.

The working masses are the true masters of the state and society in our country where true democratic politics guaranteeing political freedom and rights for the working masses in a practical manner are applied and where the economy is controlled and managed by the principles and methods of collectivism according to the demand and interest of the popular masses. Culture is created and developed into an elegant and beautiful mass culture in accordance with the cultural and spiritual demand of the popular masses.

Our country's socialism is socialism whose life depends on collectivism since all domains of politics, economy, and culture are being consolidated and developed in accordance with the demand and interest of the socialist group that is united in one socio- political organism. The essence of the socialist system and the way to develop and consolidate socialist systems are closely connected with each other. Hence the normal way to develop and consolidate socialism of our own style whose life depends on collectivism is bringing collectivism and comradeship into full play.

Socialism will be ceaselessly developed and consolidated in accordance with its intrinsic demand only when collectivism and comradeship are given full play. When collectivism and comradeship are brought into full play, all members of groups will be firmly united in a comradely spirit and show the full extent of endless devotion and mass patriotism for the development and prosperity of the group. In addition, the popular masses-centered socialism of our own style can be further developed and consolidated by adhering to the principle of collectivism and embodying the methods of collectivism in all domains of politics, economy and culture.

In this way, the popular masses-centered socialism of our own style can be further developed and consolidated. This clearly shows that displaying collectivism and comradeship is an important demand for consolidating and developing socialism of our own style.

Highly demonstrating collectivism and comradeship is important in consolidating and developing the socialism of our own style because it can also strengthen the main forces of the revolution and ceaselessly enhance its role. Strengthening the main forces of the revolution is a fundamental problem arising in consolidating and developing socialism of our own style

The main forces of the revolution are a combination of the leader [suryong], the party, and the masses. When the popular masses are united as one socio-political organism under the leadership of the party, with the leader [suryong] at its center, they can become the powerful driving forces for the development of society. The power of the popular masses is infinite. Without becoming the main forces of the revolution and the socio-political organism, however, they cannot become powerful and responsible persons in charge of expediting revolution and construction, and developing and consolidating socialism.

The main forces of the revolution will be extraordinarily strengthened only when collectivism and comradeship are further exalted. When collectivism and comradeship are brought into full play, all members who comprise the group will be united around the party and the leader [suryong] in one socio-political organism on the basis of a common idea and purpose.

If the people in the group pursue their own interests rather than that of the group and comrades and are hostile to each other, the group will never become a main force of the revolution nor a socio- political organism. Such group will inevitably lead a feeble existence after breaking up into various factions.

Today, in our country, the leader [suryong], the party, and the masses are united as one socio-political organism on the basis of collectivism and comradeship. In the same way, the leader [suryong], the party, and masses are firmly united as one socio- political organism on the basis of collectivism and comradeship, the popular masses-centered socialism of our own style can be consolidated and developed by strengthening the main forces of the revolution and enhancing its role, and the important demand in this is ceaselessly exalting collectivism and comradeship.

If all members of society exalt collectivism and comradeship, and become true revolutionaries who know how to devote themselves for revolutionary comrades, the main forces of the revolution would be further strengthened, and socialism of our own style would be constantly developed in the future, deterring all sorts of enemies' attack and denunciations.

All these facts clearly prove that bringing collectivism and comradeship into full play is an important demand for consolidating and developing popular masses-centered socialism of our own style.

The great leader [suryong] established the precious tradition of collectivism and comradeship in the days of anti-japanese revolutionary struggle and has wisely led the way for this tradition to be embodied in every domain of revolution and construction following liberation. Under the wise leadership of the great leader [suryong], our popular masses have victoriously advanced our revolution by upholding collectivism and comradeship in the days of the grim fatherland liberation war, in the postwar period of rehabilitation, and in the days of constructing socialist revolution and socialism.

In the historic period of modelling the whole society on the chuche idea, the dear leader Comrade Kim Chong-il, with his wise leadership, brought collectivism and comradeship into full play throughout the entire society. This is one of the powerful factors for the consolidation and development of socialism of our own style.

The dear leader Comrade Kim Chong-il has given new elucidations on collectivism and comradeship on the basis of the chuche idea and expounded that they become the life of society and an important principle in strengthening the main forces of the revolution. He has led everyone, with the collectivist view on life, to devote themselves for society. All the party member and working people, with the firm collectivist view on life, are devoting their all for the party, the leader, and the masses. As a result, the main forces of the revolution have been extraordinarily strengthened and socialism of our own style is developing ceaselessly.

We, as in the past, should constantly consolidate and develop socialism of our own style by bringing collectivism and comradeship into full play.

Party's Victory in 'Remoulding of Man' Stressed

SK2711104893 Pyongyang KCNA in English 1014 GMT 27 Nov 93

["Brilliant Victory of Our Party's Idea of Communist Remoulding of Man"—KCNA headline]

[Text] Pyongyang, November 27 (KCNA)—The Korean people give full play to their noble communist traits and this is a brilliant victory of our party's idea of communist remoulding of man, stresses NODONG SINMUN today.

The first part of the article says our socialist society guided by the great leader President Kim Il-song and the illustrious leader Comrade Kim Chong-il is a society where true communist people of chuche type live and a large harmonious family where beautiful communist traits are in full bloom.

The author of the article says:

The communist traits fully displayed by the Korean people today are the noblest in the world because they are based on the steadfast outlook on the leader—absolutely worshipping and following the great leader and the dear leader.

The emotional stories about them touch the heartstrings of all people. They are not confined to a few people but involve all members of society and pervade the society.

Ours is a people with high pride and noble spiritual and moral traits who create a glorious history of beautiful communist traits previously unknown. This is the true picture of the Korean people who build the most advantageous socialism centred on the masses and herein lies the source of the invincible might of our revolution.

The second part of the article says it is a precious fruition of the tested guidance of the dear leader Comrade Kim Chong-il who shapes politics of love for the people that the ideological and moral world of our people have developed to a new, higher stage and Korean-style socialism has brought into being an excellent society where beautiful communist traits are in full bloom.

The great leader Comrade Kim Il-song said:

"We can say Comrade Kim Chong-il's politics is mainly characterized by love for and trust in his revolutionary comrades and the people. His politics of love and trust gives rise to loyalty and filial piety among our party members and other working people, brings the beautiful communist traits into full play throughout the country and turns the whole society into a large harmonious family closely united on the collectivist principle 'one for all and all for one'."

The dear leader Comrade Kim Chong-il, first of all, saw to it that all ideological education was conducted in a go-ahead manner among the party members and other working people with a tight hold on the ideological theory of chuche and thereby turned our society into a wonderful one overflowing with beautiful communistic traits.

Our society is, in a word, a society where the might of the ideological theory of chuche is powerfully demonstrated and where the great idea of communistic remoulding of man expounded by the dear leader has come to brilliant reality.

People can grow and the whole society turn into a big harmonious family only under the guidance of an illustrious leader who consistently pushes forward ideological education.

The dear leader Comrade Kim Chong-il also has highly praised positive and exemplary deeds and let all the members of society follow them, so that beautiful communist deeds may be displayed to the full in our society.

His politics is a noble one which leads our party members and other working people to live a true life with brilliant examples of intense loyalty and devotion to the party and revolution, the country and the people, politics of love and trust with which he spares nothing for the people, putting them up as absolute beings and immensely broad magnanimous politics with which he embraces and warmly looks after anyone who advocates independence of the working masses and hold dear the idea of socialism.

The noble spiritual and moral traits of the Korean people who espouse only the idea of their great leader and the dear leader and who find their joy and worth of life in their devoted struggle to carry into practice the intention of their dear leader have their source in the politics of warm love of the dear leader for the people.

History does not know such a leader as the dear leader who, with his extraordinary intelligence and tested leadership, has successfully solved the problem of human remoulding and converted the whole society into a most solid and wonderful one in which true communistic men of chuche type live. So, the Korean people proudly call our hopeful era where the beautiful communistic deeds are displayed to the fullest measure and all the members of society live a harmonious life, helping and leading each other forward, the era of the Workers' Party connecting it with the august name of the dear leader.

Journalists Hold Meeting To Implement Tasks

SK2511045693 Pyongyang KCNA in English 0436 GMT 25 Nov 93

[Text] Pyongyang, November 25 (KCNA)—A meeting of journalists, men of the press in Pyongyang was held Wednesday to carry out the tasks laid down in the letter of the dear leader Comrade Kim Chong-il and the congratulatory message of the Central Committee of the Workers' Party of Korea to the Seventh Congress of the Korean Journalists Union [KJU].

At the meeting chairman Hyon Chun-kuk of the Central Committee of the KJU delivered a report, which was followed by speeches of Vice-Chairman of the DPRK Radio and TV Broadcasting Committee Cha Song-su, Director of a department of NODONG SINMUN Kim Yong-chae, leader writer of the foreign languages press group Kang Chang-yong and Vice-Director of a department of the KOREAN CENTRAL NEWS AGENCY Kim Son-hui.

The reporter and speakers said the Seventh KJU Congress became a significant congress brilliantly recorded in the history of publication and information services of Korea with the historical letter of Comrade Kim Chong-il sent to it.

The historical letter, they stressed, vividly showed that the relations between the leader and journalists, men of the press are relations between the great teacher and disciples loyal to him, between the tender-hearted father and his children, linked together by the same blood, and it is an inspiring banner that gives confidence and courage to all the journalists, men of the press and encourages them to effect a new change in publication and information services.

They said they are confronted with honorable tasks to bring about a new change in publication and information services in hearty response to the historical letter of Comrade Kim Chong-il and the congratulatory message of the party Central Committee and thereby defend and further glorify the Korean-style socialism.

They said all the journalists, men of the press should, above all, firmly prepare themselves as penmen unfailingly faithful to the party.

The journalists, men of the press will cherish deep in their hearts their pledge of confidence to become a brush and mike of loyalty sharing the destiny with the party for good and all and devotedly work for the accomplishment of the cause of socialism, tightly grasping the pen of chuche invariably under whatever circumstances, they emphasized.

Noting that the congress was a congress of innovation, a congress of progress to effect a great turn in publication and information services in keeping with the developing reality and the desire and requirements of the masses, they referred to tasks of newspaper, news agency, broadcasting and publication services.

The reporter and speakers called for revolutionizing newspaper, news service, broadcasting and publication with redoubled efforts and effecting a new change in publication and information services as desired by the party and thus living up with loyalty to the deep trust and expectation of the party and glorifying the present glorious era in which they hold the illustrious leader in high esteem.

The meeting adopted a resolution.

Respond to Kim Chong-il Letter

SK2711053193 Pyongyang KCNA in English 0506 GMT 27 Nov 93

["Korean Journalists and Men of the Press Vow To Be Eternal Pen and Mike of Party"—KCNA headline]

[Text] Pyongyang, November 27 (KCNA)—The Korean journalists and men of the press, in response to the historic letter sent by the dear leader Comrade Kim Chong-il to the participants in the seventh congress of the Korean Journalists Union on November 19, are determined to be eternal pen and mike sharing the destiny with the party to the end.

Comrade Kim Chong-il in his letter gave to our journalists and men of the press the precious title of staunch fighters and true penmen of the party who are devotedly working for the accomplishment of the revolutionary cause of chuche, the socialist cause, sharing the destiny with the party.

Han Song-pok, deputy general director of the Korean Central News Agency [KCNA], said that news reporters would be penmen faithful to the party who resolutely defend the socialist cause by repulsing the ideological offensive of the enemy at every step, always taking the initiative in the propaganda for exposing and frustrating the anti- socialist, anti-DPRK campaign of the imperialists and the reactionaries with the pen of revolution.

No Sok-kyu, vice-chairman of the Radio and TV Broadcasting Committee of the DPRK, said that the staff of the committee would make all the broadcasting programs run through with the revolutionary idea of the leader and strive to increase the audience rating and effectiveness of broadcasting so as to effect a new change in radio and TV broadcasting.

Kang Chol-pu, director and editor-in-chief of the Kumsong Youth Publishing House, said that he would carry through the teachings given by the dear leader Comrade Kim Chong-il to the publishing house and thus make newspapers, magazine, books, educational materials and all other publications assume the features of the press for the youth and children true to the party and become a powerful means of education of youth and children. He expressed his determination to discharge his duty as a penman of the party contributing to preparing eight million youth and children better as creditable successors to the revolutionary cause of chuche.

'Full Text' of Law on Foreign-Invested Banks

SK2611152893 Pyongyang KCNA in English 1512 GMT 26 Nov 93

[Text] Pyongyang November 26 (KCNA)—The law of the Democratic People's Republic of Korea on foreign-invested banks was adopted as decision no. 42 of the standing committee of the Supreme People's Assembly of the DPRK dated November 24, 1993.

Follows the full text of the law:

The Law of the Democratic People's Republic of Korea on Foreign-Invested Banks

Chapter 1 General Rules

Article 1. The law of the Democratic People's Republic on Korea on foreign-invsted bank contributes to the expansion and development of cooperation with different countries of the world in financing.

Article 2. A foreign investor may establish and operate a foreign-invested bank within the territory of the DPRK.

Foreign-invested banks include joint venture banks, foreign banks and branches of foreign banks. Foreign banks and their branches are allowed only in the free economic and trade zone.

Article 3. Foreign banks shall have ownership over their banking property and shall be independent in their management.

Article 4. The state shall protect the legal rights and interests of the foreign-invested banks established in the territory of the DPRK.

Article 5. Management of the foreign-invested banks shall be subjected to the relevant laws and regulations of the DPRK.

Article 6. Foreign-invested banks shall be supervised and controlled by the Central Bank and foreign exchange administration agencies.

Article 7. Koreans residing outside the territory of the DPRK may establish and operate banks with their investment in the territory of the DPRK under this law.

Chapter 2 Establishment and Dissolution of Foreign-Invested Banks

Article 8. An investor who intends to establish a foreign-invested bank in the territory of the DPRK is required to file an application to the Central Bank, declaring the name of the bank, the name and life history of its chief, the capital to be registered, paid-up capital, management fund, investment rate, details of business, etc.

Article 9. For the purpose of establishing a joint venture bank, application should be filed by the party concerned, who shall attach to the application such documents as the articles of association, the feasibility study report, copies of the contract on joint venture, the list of managing staffs, the letter of approval for foreign exchange transactions and the business licence.

Article 10. For the purpose of establishing a foreign bank, an application should be filed by the foreign investor concerned, who shall attach to the application such documents as the articles of association, the feasibility study report, the list of managing staffs, financial statement, a copy of the business licence, a copy of the letter of approval for foreign exchange transactions.

Article 11. For the purpose of establishing a branch, an application should be filed by the head office of the bank concerned which shall attach to the application such documents as the articles of association, annual returns, financial statement, profit and loss account, a copy of the business licence obtained by the head office, the written guarantee by the head office as regards the tax and debts of the branch, the feasibility study report of the branch, the list of managing staffs, a copy of the letter of approval for foreign exchange transactions, and so forth.

Article 12. The Central Bank shall decide upon the approval or rejection of the application within 50 days from the receipt of the application.

Article 13. A person who has submitted an application for the establishment of a bank shall, within 30 days after obtaining approval, register with the administrative and economic committee of the Province (municipality) where the bank is to be located, and be issued the business license therefrom and shall, within 20 days from the receipt of the business license, register for tax purposes with the financial institution in the area where the bank is to be located.

Article 14. A foreign-invested bank shall be dissolved when it cannot continue its operation due to such reasons as the expiry of terms approved, merger of the banks, insolvency, defaulting of the contract and natural calamities. In this case an application for dissolution should be submitted to the Central Bank to obtain approval 30 days before and, upon liquidation under the supervision of the liwuidation committee, the registration should be cancelled with the bodies concerned.

Article 15. In case a foreign-invested bank intends to continue its banking business beyond its term, an application should be submitted to the Central Bank for the approval of the postponement of the term 6 months before its term expires.

Article 16. Should the articles of association be revised, the bank be merged or divided, the registered capital funds, working funds and place of business be changed, categories of business activities be increased or decreased, or the chief or deputy chief of the bank be replaced with another, the foreign-invested bank shall apply to the Central Bank for approval 30 days before and shall have the registration altered.

Article 17. The investor in a foreign-invested bank may, with the approval of the Central Bank, transfer partially or wholly the capital invested to a third person. In this cass the investor of one side to the joint venture bank should reach an agreement with his or her counterpart of the other side.

Chapter 3 Capital Funds and Reserve Funds of Foreign-Invested Banks

Article 18. A joint venture bank and a foreign bank should hold the registered capital in convertible currency of more than 30,000,000 Korean won and the primary paid-up capital of more than 50 percent of the registered capital. A branch of the foreign bank should hold the working capital funds in convertible currency of more than 8,000,000 Korean won.

Article 19. For the purpose of securing the business licence, the foreign-incested bank shall deposit the primary paid-up capital and working capital funds with the bank designated by the Central Bank within 30 days from the date when it obtained the approval of establishment and shall have it confirmed by the certified public accountant.

Article 20. A foreign-invested bank shall maintain its own capital funds of more than 5 percent of the security funds against debts or of the total sum of its liabilities.

Article 21. A joint venture bank and a foreign bank should reserve 5 percent of annual profits each year until the reserve funds grows to 25 percent of the registered capital. The reserve funds shall be used exclusively for the purpose of either compensation for the loss in the settlement of accounts or for the increase of capital funds.

Article 22. A foreign-invested bank may reserve such funds in need as premium fund, welfare fund and R and D fund. The type, size and reserve ratio of funds shall be defined by the foreign-invested bank.

Chapter 4 Transactions and Settlement of Foreign-Invested Banks

Article 23. A foreign-invested bank may engage in part or whole of the following transactions: A) depositing in foreign currencies of foreign-invested enterprises, foreign enterprises or foreigners;

B) granting loans in foreign currencies, overdrafting on the current account and discounting of foreign currency bills;

C) dealing in foreign exchange;

D) investment in foreign currencies;

E) guarantee as regards liabilities in foreign currencies and defaulting of contract obligations;

F) remittance of foreign currencies;

G) clearing of the importer's and exporter's bills;

H) offshore banking;

I) accepting of securities in foreign currencies;

J) trust banking;

K) credit survey and onsultation;

L) others.

Article 24. No foreign-invested bank shll invest more than 25 percent of its capital exclusively in one business.

Article 25. A foreign-invested bank shall open an account with the branch of the Central Bank of the area where it is located and deposit the reserve fund for deposit payment.

Article 26. Th account settlement year of a foreign-invested bank shall begin on January 1st and end on

December 31st each year. Annual business settlement shall be done by not later than February the following year.

Article 27. A foreign-invested bank shall submit to the foreign exchange administration the annual financial statement and profit and loss account confirmed by the certified public accountant within 30 days from the date of the completion of the annual business settlement, and the quarterly financial statement and necessary statistics by the 15th day of the first month of the ensuing quarter of the year.

Article 28. A foreign-invested bank shall be granted the following preferential treatment: A) in case the term of business is longer than 10 years, the corporation tax shall be exempted for the first profit-making year and shall be reduced by up to 50 percent for the succeeding 2 years.

B) no turnover tax shall be payable for the interest accruing from loans granted on favourable terms to the banks and enterprises of the DPRK.

C) no tax or, otherwise, low-rate tax shall be payable and no reserve fund for deposit payment shall be required for the income accruing from offshore banking.

D) the income accruing from the banking business and the residual fund, if any, left over after the liquidation of the bank may, subject to the laws and regulations of the DPRK on foreign exchange, be remitted abroad without a tax.

Chapter 5 Penalties and Settlement of Disputes

Article 29. A foreign-invested bank shall be liable to fine in the following cases: A) in case it changed its chief or deputy chief or the location of the bank without approval.

B) in case it failed to save the reserve fund of required amount.

C) in case it obstructed or caused difficulties in inspection.

D) in case it failed to submit regular returns within a fixed period of time and submitted false ones.

Article 30. In case a foreign-invested bank engages in other transactions than those approved, or revises the articles of association and increases or decreases the registered capital and working capital funds without approval, it may be ordered out of operation.

Article 31. In case investors fail to commence banking business within 10 months from the date of the approval, the approval granted for the establishment of the bank may be withdrawn.

Article 32. Disputes concerned with banking business shall be settled through consultation. In case of failure in consultation they shall be brought to the court of law or the arbitration agency of the DPRK for settlement.

South Korea

Kim Yong-sam Speaks on World Trade, GATT Talks

SK3011032593 Seoul KBS-1 Television Network in Korean 0120 GMT 30 Nov 93

[Speech by President Kim Yong-sam at a ceremony celebrating Trade Day—live]

[Text] Dear fellow countrymen and businessmen and workers across the country: Today we greet the 30th anniversary of Trade Day. Greeting this significant day I extend warm encouragement and thanks to businessmen who are traveling every corner of the world and workers who work hard, shedding sweat, as the pillars of exports. At the same time, I sincerely congratulate those who have achieved particular meritorious services in increasing exports and, thus, have received honorable awards.

When Trade Day was established 30 years ago, our national per capita income was only $100, and our export volume was only $100 million. However, today our national per capita income has exceeded $7,000, and the export volume reached $83 billion. We are now reaching the point where we can become an advanced country. Such successes of ours, which make the world envious, has been possible thanks to our strategy to achieve economic growth through exports.

I think that the only way to develop our economy is through exports. Only when exports are brisk can not only sustained economic growth but also price stability and balance of international payments be achieved. By so doing we can enter an advanced economic sphere which our new economy is seeking.

Businessmen and workers: The export environment surrounding us is becoming more difficult with each passing day. Our international competiveness has markedly deteriorated, and our goods are lagging behind in the world's markets.

Those countries which are least developed among developing countries are pursuing on the strength of their low wages. We have failed to narrow the differentials in the quality of goods with advanced countries because of our poor technological development. Protectionism and regionalism have become more prevalent, and, because of this, our external trade circumstances have further deteriorated.

I returned home after participating in an economic meeting of APEC leaders which took place on 20 November in Seattle, the United States. I witnessed that the world economy is undergoing change at an alarming speed in the big trends of liberalization and opening up [chayuhwawa kaebanghwa]. We cannot survive without adapting ourselves to the change which is undergoing at an alarming speed. I keenly realized that economic war among countries is becoming fierce [kukka kane kyongje chonjaengi chiyolhae chigo ittanun]. This is truly war [paro igossun chonjaeng imnida]: this is war where no bullets are exchanged [chongari watta katta hanungussi anil ppunimnida].

I deeply realized that the era of trade war, technological war, and information war [muyok chonjaeng kisul chonjaeng chongbo chonjaeng] had started. Countries of the world are improving their competitive edges through reforms in the face of the wave of great change concerning limitless competition. To win a victory in this competition, we must make reforms earlier than other countries. We must set our eyes on the outside world and become international-minded men resolved to enter into competition with the rest of the world.

Through reform and cooperation, we must build a springboard on which we will live with the rest of the world and become an important country in the Asia-Pacific era. It is high time that we again demonstrate our strength with which we performed the miracle on the Han River through exports.

My fellow businessmen, workers, and people: On this occasion, I propose that we devote ourselves to improving our international competitive edges to boost our exports. The government will make every effort to reduce interest rates, land prices, and physical distribution costs [mully piyong] to improve our international competitive edges. The government will supply money flexibly, expand land development, and increase investments in social infrastructure projects. However, the government's efforts to reduce these costs by presenting new policies have their limits. Capital must be accumulated to reduce these costs. Interest rates will decrease only when capital accumulation is expanded. Massive capital is necessary to efficiently develop limited land and expand social infrastructures. Such capital accumulation is possible only when all the people make efforts toward that end.

All the people must work hard, manufacture good products, increase their incomes and savings, and accumulate capital. International competitive edges can only improve only when all the people make joint efforts and demonstrate their creativity.

The businessmen's creative business spirit and the workers' energetic will to work are once again necessary. I would like to earnestly ask you, the businessmen, to once again manifest the business spirit so that you can exert all your strength in increasing exports. I would also like to ask you to push forward in technology development.

Business competitiveness is truly the root of this country's international competitiveness. I ask all of you to produce the highest quality goods in the world. High-quality goods must be produced to dominate the world's market. The quality of goods is the life of the business. In addition I would like to ask you to develop your own unique brands. Added value cannot be enhanced with faceless goods. I ask you to plan an effective marketing strategy. Without making efforts to pioneer for markets in the four corners of the world, it is impossible to become an export-import country.

I would also like to ask you, 12 million workers, of the following: I am very well aware, more than anyone else, of the significance of the sweat and tears you shed during the past 30 years. You, the workers', with pains and sweat built the ROK of today. Therefore, to repay your pains and sweat, I will work to make a society where people who are honest and sincere are treated well. I will work to make a society where people who work earnestly and who shed sweat are repaid for their efforts.

Workers, please revive the will to work that was energetic in the past. Please work so that productivity can be enhanced at a faster rate than the rise in wages. I hope that you, the workers, will hold fast to the spirit that you will be the best in the world in your field of work.

There is a saying that quality will change only when people change. What is most important is the change in the people's minds. I hope that you will work to change.

Businessmen and workers:

The government and myself will make utmost work to support your efforts. We will not spare our policy-oriented support in promoting investment and technological exchange with foreign countries.

I will make innovation in technology the primary task of industrial policy. I will continue to expand finances for deterred-payment exports and export insurances. I will arrange a goods exhibition center to help small and middle businesses and will give maximum support for their advance into foreign markets.

I will concentrate efforts on raising industrial manpower and securing indirect social capitals. I will, above all, dare to remove various restrictions barring liberal business activities and exports. I, as the president, will see to it directly.

I will also encourage public officials to render good service with a sense of internationalization. I, myself, am willing to run to any spot in the world to meet anyone who is concerned if it concerns increasing our exports. We, however, will not pursue a selfish policy of disregarding other nations to stress only our exports.

I will steadily promote import liberalization as well as increase in exports. I will also continue to promote opening financial and service markets

I will make efforts to conclude the Uruguay Round negotiations and contribute to expanding [hwaksan] liberal trade [chayu muyokchuui].

Dear fellow countrymen:

We will meet the 21st century after seven years. What image our country will have in the new century depends on what and how we will do from now on.

Next two or three years will be very important to us. As we could know from the successful Teajon Expo '93, our nation has boundless potential. We are great and powerful people.

If businessmen, working people, and the government make efforts together, our country can make a great leap and become one of the 10 most advanced countries in the world, without fail.

Let us all open the door toward the world and advance with conviction.

Thank you. [applause]

Planning Underway for Negotiating Rice Terms

SK3011033793 Seoul SEOUL SINMUN in Korean 30 Nov 93 pp 1-2

[Text] It was learned on 29 November that as the Uruguay Round negotiations are going on in their final stage, the ROK Government, believing that this week will be an important turning point in the negotiations, is examining a second best plan to cope with the worst case, while trying to make every diplomatic effort to prevent pressure to open our rice market. Bilateral negotiations between the United States and the ROK will start in Geneva in 30 November as part of the Uruguay Round negotiations. This is the focus of attention with regard to the issue of opening the ROK's rice market.

This meeting will be attended by, from the ROK side, ROK Ambassador to Geneva Ho Sung and Chon Chung-in, a Ministry of Agriculture, Forest, and Fisheries official in charge of agricultural cooperation, and, from the U.S. side, Schroeter, administrator of the Foreign Agricultural Service.

In the negotiations with the United States, the ROK Government will reportedly express the position that unlike Japan, it cannot open the rice market under the terms of conditional tariffication. To push on its position, it also will reportedly advance a counterproposal on reducing the number of items to be exempted from tariffication from four to two, including rice.

To make every effort to push on the principle of not allowing the opening of the rice market, the government is also considering a plan to send First Assistant Minister of Agriculture, Forest, and Fisheries Kim Kwang-hui to Geneva and hold unofficial negotiations.

An ROK Government official concerned said on 29 November: "Given the current circumstances, the Uruguay Round negotiations will surely be concluded. It is time that we map out a final countermeasure."

This official also said that "this week is an important turning point," adding, "This will be our turning point, as well, with regard to rice market opening. The government is making every effort to have some items exempted from tariffication."

In connection with this, the government, viewing that the Uruguay Round negotiations are about to be concluded, is reportedly examining a plan on how to hold negotiations in preparations for the worst case.

Government officials concerned say: Never opening our rice market is the government's basic position. However, in case agreement is reached that no item is exempted from tariffication, the government can still negotiate better terms than Japan does.

The second most favorable term that the government is examining at present is, reportedly, that rice will be exempted from tariffication until the reunification of the Korean peninsula and that the market share of imported rice will be approximately 1 to 1.5 percent.

Another official concerned said that the ROK Foreign Ministry urgently asked ROK missions in Geneva, Washington, Tokyo, Brussels, Paris, and other cities related to the Uruguay Round negotiations to report any information on the negotiations home.

Further on Issue of Opening Rice Market

Ministry Reiterates Stance

SK3011024193 Seoul YONHAP in English 0215 GMT 30 Nov 93

[Text] Seoul, Nov. 30 (YONHAP)—South Korea has told the United States once again that it cannot open its rice market and that it cannot accept the Uruguay Round principle of tariffication without exception, Agriculture, Forestry and Fisheries Ministry officials said Tuesday.

Chon Chung-in, director-general of the ministry's international cooperation and trade bureau, had told Richard Schroeter, acting administrator of the U.S. Foreign Agriculture Service, of Seoul's unchanged position at a meeting in Geneva, they said. Seoul's position is that among the 15 non-trade concerns it has submitted to the Uruguay Round, it will accept tariffication of all but four. All four are agricultural products and one is rice.

Chon made clear to Schroeter that Seoul cannot accept the rule of non-exceptional tariffication, the officials said.

Korea and the United States sit down for formal negotiations in Geneva on Wednesday and the rice market is certain to be a centerpiece issue, according to the officials.

Despite reports that Seoul is ready to accept a compromise on rice imports on condition that it has a long grace period before the market is actually opened, ministry officials claim it is not yet the stage to make such a proposal.

The United States hasn't suggested that Seoul accept the so-called Japanese formula of minimum market access before tariffication, they said.

Seoul had planned to submit its final country list over the weekend, but has decided to delay, the officials said.

A number of countries have not yet submitted their lists, and the direction of negotiations may still change, they said.

Official: Market Opening 'Inevitable'

SK3011030493 Seoul YONHAP in English 0251 GMT 30 Nov 93

[Text] Seoul, Nov. 30 (YONHAP)—The government will finalize its position on the issue of rice market opening soon and start a drive to persuade the public of the inevitability of market opening, a senior government official said Monday afternoon.

"We cannot help reaching the conclusion that rice market opening is inevitable in light of the worldwide tendency of internationalization and opening and other aspects of this issue," the official said.

The government knows that Korea will suffer a sharp decline in exports due to international isolation and economic loss if it does not open the market, but fears protests by farmers and a weakening of agriculture-related industries if it does open the market.

"The government's position is that it will settle the issue this year, if it is possible," he said.

"The government, which stands for internationalization, opening and free trade, is in the position of having to open the market, if only partly, in order to stay in the General Agreement on Tariffs and Trade (GATT). But considering the volatility of the issue of rice, which is the source of income of 6 million farmers, the government plans to make its best efforts to reflect the special situation of our economy on possible agreement in the process of ur negotiations."

'Political Infighting' Ensues

SK3011082893 Seoul YONHAP in English 0727 GMT 30 Nov 93

[Text] Seoul, Nov. 30 (YONHAP)—Inexorable foreign pressure on Korea to open its market to imported rice is forcing political infighting between the ruling and opposition parties out of the National Assembly and onto the street.

The opposition Democratic Party (DP) was considering calling huge rallies across the nation against rice market opening on Tuesday, while a number of its lawmakers vowed to stage a sit-in in the Assembly.

A ruling-opposition collision appears to be inevitable as the government and the Democratic Liberal Party (DLP) are determined to push the administration's budget bill for fiscal 1994 through the Assembly before its Dec. 2 deadline.

If the opposition party refuses to cooperate with the government and ruling party in parliamentary operation, the majority party has said it will have to ram the budget bill through the National Assembly alone.

The DLP and DP are expected to resume their meeting of floor leaders and party secretaries-general soon in efforts to narrow their differences over three major issues blocking the National Assembly from returning to normal operation.

The three issues over which the nation's unicameral legislature has been deadlocked for several weeks are the budget bill and opposition demands for a revision of the controversial National Security Law and increases in the government's purchases from farmers of this year's harvested rice.

The prospects for solving these issues had been precarious but not hopeless until late last week, when the question of rice market opening burst onto the political stage.

Yi Ki-taek, chairman of the DP, told a press conference at the National Assembly on Tuesday morning that it was up to the will of the people to block any attempt to pry open the country's market for foreign rice.

Yi proposed to form what he called a pan-national committee against the opening of the rice market with farmers, political and social groups interested in protecting the nation's 6 million farmers.

The DP decided to coordinate among its local party headquarters to organize rallies and outdoor assemblies and peaceful demonstrations against any attempt to open the rice market.

Yi also insisted that the country hold a referendum on the question because it is a grave national issue. He demanded that President Kim Yong-sam make a clean breast of his administration's plan on rice market opening, telling the truth to the people if he made any commitment for it during his talks with U.S. President Bill Clinton in Washington last week.

Additionally, President Kim has to tell the people how he is going to keep his campaign pledge that he will stake his presidency in order to defend the rice market against imports, Yi demanded.

In an ensuing question-and-answer session, Yi told reporters that his party would not fall short of staging a sit-in by all its lawmakers in the Assembly, if the party concludes that the government and the ruling party ignore the rice market problem or try to make a light issue out of it.

In order to help resolve the current political impasse, he said he is prepared to meet with President Kim at any time and at any place.

Opposition Vows 'Tough Struggle'

SK3011031893 Seoul YONHAP in English 0239 GMT 30 Nov 93

[Text] Seoul, Nov. 30 (YONHAP)—Chairman of the Democratic Party [DP] Yi Ki-taek, declaring that the country has to block pressure to open its rice market at any cost, called on farmers, opposition parties and social organizations to form a pan-national committee to oppose rice imports on Tuesday. Speaking at a press conference, Yi vowed that his party will stage a tough struggle both in and out of the National Assembly to block any efforts to force Korea open its rice market.

"We have ultimately to consider holding a national referendum on the rice problem because it is a very important issue," Yi said.

The proposed pan-national committee against the opening of the rice market will call a rally and conduct a drive to collect 10 million signatures, which would be sent to the General Agreement on Tariffs and Trade (GATT), Yi said. He said the committee will also send a representative to Geneva to make a direct appeal to GATT-member countries.

The ruling Democratic Liberal Party, meanwhile, has decided to adopt a resolution at a lawmakers' meeting Dec. 2, reflecting the position of its representatives from farm constituencies and opposing the opening of the rice market. Yi recalled that President Kim Yong-sam pledged to stake his presidency and fight against pressure to open the rice market during his presidential election campaign only a year ago.

"It is only right for him (President Kim) to tell the people what he will do about his promise on the presidential job if the rice market is forced to open," Yi said. Yi claimed that President Kim, before he left for the United States for a visit, instructed the Agriculture, Forestry and Fisheries Ministry to draw up a government plan on the opening of the rice market.

"I understand that the ministry has submitted a report back envisaging a process from foreign rice's minimum approach to a complete opening," Yi said. This, Yi said, is a highly refined, multi-stage strategy to open the rice market with a minimum of impact.

Yi urged the government to cancel immediately any agreement with the United States or other GATT member countries on rice market opening. He then demanded that the government frankly tell the people right now its true intention and policy on the rice market.

Yi also urged the government not to give up its efforts to protect the rice market just because of the principle of so-called tariffication without exception. Rather, it should mobilize all national power to block the opening of the rice market through behind-the-scenes negotiations and annexed agreements.

Yi vowed that his party will strongly push a pan-national movement to carry out its three major demands—political reform legislation, deliberation on the 1994 national budget, and the settlement of past affairs—in addition to the rice market issue. But he said the DP will not link the rice market issue with the budget deliberation in the National Assembly.

Commenting on the possibility of meeting with President Kim, Yi said that the first thing to do is to try to resolve the impasse in the National Assembly before holding a party leaders' conference.

With the Dec. 2 deadline for the assembly's approval of the 1994 budget approaching, the Democratic Party will block passage of the bill "physically" if the ruling party tries to railroad it through, Yi said.

Groups Exhibit Resistance

SK3011031093 Seoul YONHAP in English 0224 GMT 30 Nov 93

[Text] Seoul, Nov. 30 (YONHAP)—Resistance of farm and civic organizations to rice market opening is escalating as they see the prospect of the government's yielding to pressure for lifting a ban on farm imports in the Uruguay Round of world trade talks.

Chonnong, the National League of Farm Associations, told a news conference Monday it will launch a nationwide campaign to prevent rice market opening. It threatened to also launch an anti-government struggle if the markets for basic farm products, such as rice and citrus fruit, are opened without a national referendum or other such steps.

Until Dec. 4, members of Chonnong will turn in their farm machinery to local government offices and dump 40kg sacks of rice in the constituency offices of their lawmakers in protest against the government's vague position on the issue, it said.

A civic organization formed to protect the rice market issued a statement urging President Kim Yong-sam to stand firm against imports. The Pan-National Congress for the Keeping of Our Rice, which is composed of civil rights activists, scholars, journalists and farm leaders, said the administration has a vague position and is spreading theories advocating market opening.

Some 2,000 members of 17 Christian organizations, including the National Council of Ministers for the Realization of Justice and Peace, and the Urban and Rural Mission Committee of the National Council of Churches, issued a joint statement opposing imports of the 15 basic farm products, including rice.

The national alliance for democracy and national reunification issued a statement urging its member organizations to call the Foreign Ministry and the Economic Planning Board with their objections to rice market opening.

In Kwangju, three young farm leaders began an indefinite hunger strike against rice imports on Monday.

In a statement issued before starting the fast, the leaders of the South Cholla Province League of Youthful Farmers and Fishermen urged the government to express a firm position on the rice market opening issue.

President Kim broke his election pledge to risk his presidency for the farmers' interests when he called for internationalization of the economy in his address to the National Assembly on Monday, the trio charged.

Dailies Call for Openness

SK2811040693

[Editorial Report] The following is a compilation of editorials and articles from ROK vernacular press published on 27 and 28 November on the controversy surrounding opening the rice market.

The moderate KYONGHYANG SINMUN in Korean on 27 November publishes on page 3 a 800-word editorial entitled "Will the Rice Market Be Opened 'With Conditions'?."

The editorial first describes the controversy over opening the rice market and reports that if it is inevitable to open the rice market with conditions, the ROK must do its best to negotiate better terms than Japan will have in opening its rice market. The editorial also asks the government to "assume a clear-cut position, instead of an ambiguous one," writing: "If it is clear that internationalization and opening up are necessary for our survival, the government must present visions and action programs on what we should do for our existence and continued prosperity before opening the rice market."

The editorial also reports that the government must make utmost efforts to "restructure the country's agriculture and improve agricultural productivity," adding: "If our country's agriculture fails to gain a competitive edge during the grace period, whether it be 10 years or more, it will be impossible to do so forever."

The economic daily MAEIL KYONGJE SINMUN in Korean on 27 November publishes on page 3 a 800-word editorial entitled "Will Even the Rice Market Be Opened Because of the Circumstances?."

The editorial first describes the difficult situation facing agriculture in the ROK and then reports that "if the government changes its position on not opening our rice markets overnight, the biggest blow will be dealt to the farmers." The editorial also says: "Opening up and internationalization are not options but inevitable. Our trade policies, including a policy on agricultural products, must be fully restructured."

The radical HANGYORE SINMUN in Korean on 28 November publishes on page 3 carries a 800-word editorial entitled "Rice Market Opening and the Government's Honesty—The Government Must Make Public Its Firm Policy and Try To Pool the Wisdom of All People."

The editorial first describes the ROK Government's chaotic handling of the rice market issue, citing various conflicting signals from the government concerning the opening of the ROK's rice market, adding that "we no longer need chaos." The editorial continues: "It would be correct for the government to disclose the truth and try to reach public consensus, instead of trying to conceal the truth for the sake of negotiations with foreign countries." Attaching significance to the call for a referendum on rice market opening by peasants' organizations, the editorial reports: "We must not waste our national strength in useless arguments" "if we have nothing to gain by concealing the truth."

PRC-Bound Plane Ordered To Return to Seoul

SK3011071793 Seoul YONHAP in English 0659 GMT 30 Nov 93

[Text] Seoul, Nov. 30 (YONHAP)—A South Korean airliner on a flight to Tianjin with 278 passengers was ordered to return to Seoul by an air traffic controller in Shanghai on Tuesday. The plane, chartered from Asiana airlines, left Seoul's Kimpo International Airport with 278 passengers and 19 crew, airline officials said, and reached Chinese airspace at around 11:40 A.M.

On contacting the Shanghai control tower, the pilot was told to immediately turn back for home by a controller, who said that he was following orders from Beijing. Shanghai control tower said the plane could not proceed on its flight to Tianjin because of orders from the government in Beijing but did not specify the reason, the officials said.

It is the third time a chartered flight run to China run by Asiana has been canceled by Beijing this year, but it is the first time a plane reached Chinese airspace before it was sent back. Asiana has four charter flights between Seoul and Tianjin a week, and it is customary to renew approval for the schedule once a month.

The Asiana officials said tha passengers on Tuesday's flight would be fully compensated.

'Technical Problems' Cited as Reason

SK3011072293 Seoul YONHAP in English 0704 GMT 30 Nov 93

[Text] Seoul, Nov. 30 (YONHAP)—China has said that it ordered a South Korean charter flight en route to Tianjin to return to Seoul on Tuesday because of technical problems, Foreign Ministry officials said. China's aviation authorities told the Korean embassy that there were technical difficulties, but did not go into the nature of the problems, the officials said.

All planes entering Chinese airspace via Shanghai's ground control were temporarily barred from passing the control point, they said.

Beijing has notified Korea and other nations that the route is now open for entry, they said.

An Asiana Airlines flight to the Chinese city carrying 297 passengers and crew was ordered to return home when it neared the control tower at Shanghai. Airline officials said the tower did not give any explanation for the instruction.

Airport Closed 'Several Hours'

SK3011082293 Seoul YONHAP in English 0815 GMT 30 Nov 93

[Text] Beijing, Nov. 30 (YONHAP)—China closed Shanghai airport for several hours on Tuesday without warning, and reopened it again at 2 p.m. with virtually no explanation for the temporary dislocation of air traffic in the area. Both Chinese and foreign planes were barred from taking off or landing at Shanghai during the period that it was shut for a "special situation."

Chinese aviation authorities said they closed the airport because of a "special situation" but did not elaborate. They confirmed the measure had no relation to the weather, which was normal at both Beijing and Shanghai.

Beijing airport was operating normally in the morning, but it is not known if it was closed in the afternoon.

A South Korean plane en route to Tianjin with 297 passengers and crew was ordered to return to Seoul on nearing Shanghai at 11:40 a.m.

PRC Interested in Telecommunications Ventures

SK2911123293 Seoul YONHAP in English 1102 GMT 29 Nov 93

[Text] Seoul, Nov. 29 (YONHAP)—China expects to develop and produce advanced telecommunications systems in joint ventures with South Korea, visiting Chinese Posts and Telecommunications Minister Wu Jichuan said here Monday. Minister Wu said that in the current visit to South Korea, he learned that Korea has reached the state of advanced countries in terms of telecommunications.

In a press conference at Hotel Lotte, the Chinese minister said South Korean industries could take part in China's on-going communications modernization plan in many areas including those of next-generation switchboards, post office automatization and digital mobile telephone system.

Saying there is much possibility of joint ventures between the two countries in the areas of telecommunications and computer, Wu said China would soon send working-level delegations to South Korea to discuss joint-venture schemes in the areas.

Minister Wu flew into Seoul on Nov. 23 at the invitation of his Korean counterpart, Communications Minister Yun Tong-yun. He will leave the country Tuesday winding up his eight-day stay.

Samsung, Chinese Company To Build Airliner

SK2911120593 Seoul YONHAP in English 0806 GMT 29 Nov 93

[Text] Seoul, Nov. 29 (YONHAP)—Samsung Aerospace Industries Ltd. said Monday it has signed a memorandum on co-developing 50-to 100-seat planes with Aviation Industries of China (AVIC), and they will begin development work next year and production in 1998. A joint planning team was created for the project in September and has conducted feasibility studies in both countries. Samsung will open an office in Beijing in December.

AVIC has also agreed to form a joint preparatory committee with Daewoo Heavy Industry Co. and Korean Air [KAL] to establish Asian Air Express Co. to build 100-to 130-seat plane as a follow-up to the conclusion in September of a memorandum among Korea, China, India and Singapore on forming a consortium to build the jet.

Daewoo and KAL will prepare a report on the project by March 1994 for a meeting of representatives of the four countries and the aviation companies to provide related technologies.

Presidents Kim Yong-sam of Korea and Jiang Zemin of China agreed to expand cooperation in aircraft manufacturing during a talk at the Asia-Pacific Economic Cooperation (APEC) meeting in Seattle last week.

Agreement With France on Technical Cooperation

SK2811104993 Seoul MAEIL KYONGJE SINMUN in Korean 27 Nov 93 p 8

[Text] The ROK and France will promote technological cooperation in the fields of communications, aviation, and other space activities.

Pak Song-tuk, director of the Communications Policy Office of the ROK Ministry of Telecommunications and Posts; and Didier Lombard, assistant minister of industry, post, and communications of France, held talks at the ROK Ministry of Telecommunications and Posts on 25 November and agreed to promote technological cooperation in the field of communications.

Also, No Yong-kuk, chief of the Trade Promotion Bureau of the Ministry of Commerce, Industry, and Energy, held with Didier Lombard the first ROK-France Industrial Cooperation Committee meeting on 26 November and agreed to promote cooperation in the fields of aviation and space technology.

During the talks at the Ministry of Telecommunications and Posts, the ROK and France agreed to promote cooperation in multimedia technology, integrated service digital network technology, and satellite and mobile communications.

They also agreed to hold a working-level officials meeting by July next year to discuss ways to promote technological cooperation.

The agreements were reached as a result of the ROK's acceptance of France's persistent request for cooperation in the field of telecommunications.

The ROK asked France to allow the ROK to hold a techno-mart in France, assist in the training of ROK technicians, and abolish France's restrictions on ROK cars imports.

In response, France promised positive assistance in these matters and said it would send a trade delegation to the ROK next year.

Article Views Dismissal of Negotiator on DPRK

SK2811051693 Seoul CHUNGANG ILBO in Korean 27 Nov 93 p 5

[Article by O Yong-hwan: "Signal for the Reshuffle of Policymakers on North Issues—Why Was Special Assistant Yi Tong-pok Dismissed?"]

[Excerpts] On 26 November, President Kim Yong-sam unexpectedly accepted the resignation of Yi Tong-pok, special assistant to the director of the Agency for National Security Planning. This signifies President Kim's intention to end the controversy on the alleged forged instruction incident at an early date. This is proven by the fact that President Kim accepted his resignation at a time when the Board of Audit and Inspection was still examining pertinent documents. [passage omitted]

The dismissal of Special Assistant Yi will lead to a restructuring of the decisionmaking process of the government team in charge of North Korean affairs. This is because his dismissal signifies the possibility that the conservatives, who have controlled the North-South dialogue since it started in 1972 through the channels of the North-South Coordinating Committee and the Red Cross Society, will ebb. A government official concerned said: "Special Assistant Yi is armed with powerful logic, has a strong capability to get jobs done, and has brought about momentous achievements in the history of the North and South for the past 20 years." He also said that "Yi has always represented conservative voices."

For example, in May and June of this year, when the North and South were exchanging telephone messages on special envoys, Special Assistant Yi defeated the moderates, who supported the exchange of special envoys, saying that the "North-South dialogue will go nowhere if we accept the North's proposal for the exchange of special envoys."

Viewed from this perspective, Special Assistant Yi's dismissal will clearly serve as an important factor in making the government's policies toward the North and as an opportunity to reshuffle the ROK's delegations to the North-South dialogue and policymakers on the North issue. [passage omitted]

Papers Comment on President's Assembly Speech

SK3011085993

[Editorial Report] The following is a compilation of reports and editorials published in ROK vernacular newspapers on 30 November reacting to President Kim Yong-sam's 29 November address to the National Assembly.

The moderate TONG-A ILBO in Korean on 30 November publishes on page 2 a 700-word article by Song Yong-on in the "Reporter's Eye" column entitled "Presidential Office's Ambiguous Position on the Rice Issue."

The article points out that the president's remarks "could not dissolve at all the people's and farmers' suspicion on the rice market opening" because "he did not express a clear position." Stressing that "the rice issue must be discussed not only in ROK-U.S. summit talks but in multidimensional negotiations between the two countries," the article underlines that "the government must let the people clearly know what was negotiated on the rice issue through various channels," and that "either the government or the cabinet must express our government's clear position on the rice market opening."

TONG-A ILBO in Korean on 30 November publishes on page 3 a 800- word editorial on the president's address at the National Assembly. While expressing sympathy with "the president's stress on the need for internationalization [kukchehwa], opening-up [kaebanghwa], and future-orientation [miraehwa]," the editorial questions "if an atmosphere and conditions have been prepared for our immediate internationalization and opening-up." Noting that "the president is the only person who can bravely tell the people something clear about the rice issue," the editorial urges him to "give the people full particulars of the rice issue" and to "try to reach a public consensus on it."

The moderate KYONGHYANG SINMUN in Korean on 30 November publishes on page 3 a 800-word editorial on the president's speech at the National Assembly. The editorial points out that "the president should have frankly told about the government's position and agony over the rice market opening issue to the people and have asked for their understanding and cooperation."

Quoting the president's remarks regarding the political circles' leading role in internationalization and future-orientation, the editorial notes "the government and the ruling party should lead the political circles," and stresses "It is time for the government and the ruling party to check themselves to see if they have a firm will and a proper system for reforming toward the future." The editorial concludes: "Any obstacle to the future-oriented policy must be removed and any confusion in state affairs must be cleared up," and that "various restrictions and the authoritarian system must be removed, and political and economic management must be democratized."

The moderate HANGUK ILBO in Korean on 30 November publishes on page 3 an 800-word editorial entitled "President Kim's Speech to the National Assembly." The editorial first reports that it is "regrettable" that President Kim did not express a clearer and more frank position on the rice market opening. The editorial then praises President Kim for stressing that "internationalization and future-orientation" are what our country should pursue at present, adding that it is the government and the ruling party that must first implement the ideas of internationalization and future-orientation and give up outdated political practices.

The editorial also reports that by stressing the importance of internationalization and opening up, President Kim "hinted that it is inevitable to open the rice market."

The editorial calls the Democratic Party's absence from the National Assembly during President Kim's speech an "irresponsible act."

The progovernment SEOUL SINMUN in Korean on 30 November publishes on page 3 an 800-word editorial entitled "It Is Wrong Not To Attend a National Assembly Session When the President is Delivering a Speech."

The editorial reports: "At a time when deep understanding and concessions between the ruling and opposition parties are necessary, some opposition party lawmakers did not attend a National Assembly session when the president was delivering a speech on his U.S. visit. This is wrong."

The radical HANGYORE SINMUN in Korean on 30 November publishes on page 3 an 800-word editorial entitled "Insubstantial and Insincere Speech on State Affairs."

The editorial first reports that it is very "shocking" that President Kim failed to concretely refer to the rice market opening, adding that the president may have judged the situation in an easy-going attitude.

The editorial also reports that the speech did not explain the results of the Asia-Pacific Economic Cooperation, APEC, meeting as he did not elaborate on what we got and will get from the APEC meeting and that he failed to give appropriate explanations on the North Korean nuclear issue.

Kim Yong-sam's U.S. Trip Called 'Nation-Selling'

SK3011115693 (Clandestine) Voice of National Salvation in Korean to South Korea 0300 GMT 30 Nov 93

[Text] Kim Yong-sam, in a speech at the National Assembly on 29 November, made gibberish by praising himself as if his junket to the United States had scored a great success. However, Kim Yong-sam's speech was nothing but a deceptive drama aimed at embellishing his nation-selling traitorous act.

Kim Yong-sam, referring to his speech at the Asia-Pacific Economic Cooperation [APEC] meeting, raved that South Korea played a leading role. The fact was that he played a role of a puppet for a major power, according to the U.S. scenario, which schemed to induce the Asia-Pacific countries to so-called reform and openness in order to gain markets for its goods.

Kim Yong-sam also stressed as if he had accomplished a rare feat like plucking a star from the sky, babbling that he succeeded in forming a joint cooperative system for the resolution of the North's nuclear issue when he met the leaders of the APEC meeting and that confirmation was made in his talks with Clinton as to the principle that the ultimate decision on the Team Spirit exercise will be made by the South Korean Government.

However, this only shows that he has committed a traitorous act to the nation. The joint cooperative system that Kim Yong-sam publicizes is an act of treachery to the nation designed to isolate and crush [apsal] the North, the fellow countrymen, under the pretext of the fictitious nuclear issue, and the Team Spirit exercise is a criminal act aimed at provoking a war by aggravating military confrontation between the North and the South.

In order to accomplish this antinational act, Kim Yong-sam committed a nation-selling act of begging Clinton to cope with the nuclear issue with a hard-line stance, to withhold the reduction of U.S. troops in South Korea, and to continue the Team Spirit joint military exercise, promising, in return, to continuously increase the bearing of the expenses for the stationing of U.S. forces in South Korea and to bear the expenses for the Team Spirit exercise.

Kim Yong-sam also said there was no agreement on the opening of the rice market. This is an act that deceives and mocks the people. It is a well-known fact to the world that Kim Yong-sam agreed to the early settlement of Uruguay Round negotiations at the APEC meeting and the South Korean-U.S. summit talks. Nevertheless, he is denying it in an attempt to calm down the people's accelerated struggle against the opening of the rice market. This is an intolerable outrageous act to deceive and mock the people.

In short, Kim Yong-sam's speech at the National Assembly was a brazen act of deceiving the people by embellishing his U.S. junket, which was characterized by thorough nation-selling and treachery to the people with success and patriotism.

Government Begins Privatization of Companies

SK2711024193 Seoul THE KOREA HERALD in English 27 Nov 93 p 8

[Text] The government plans to dispose of its stock holdings in three state-financed companies, including Namhae Chemical Corp. and Korea Heavy Industry & Construction Co., as part of its efforts to privatize state-invested companies.

The Ministry of Trade, Industry and Energy said yesterday it had submitted to the Economic Planning Board a plan to restructure state-financed companies under the umbrella of the ministry, which also calls for merging four companies into two.

Under the plan, Korea General Chemical Corp., a state-invested chemical products manufacturer, will dispose of its 75 percent stake in Namhae Chemical, a fertilizer producing firm, which is now competing with private companies, on a gradual basis.

Korea General Chemical Corp. will sell off its 24 percent interest in Namhae Chemical next year, and the remaining stake will be disposed of in the following years in three stages, the ministry said.

Korea Heavy Industry & Construction Co. will be sold off to the private sector in 1996 when the heavy equipment maker honors its accumulated debts.

Korea Mining Promotion Corp. and Coal Industry Rationalization Business Corps will be incorporated after 1995 when the government's program to phase out money-losing mines ends. However, the ministry said Pohang Iron and Steel Co. will incorporate or dispose of its affiliate companies, reducing the number of its affiliates from the current 46 to 19 by 1996.

Signs of Recovery in Capital Investment Noted

SK2711004293 Seoul YONHAP in English 0005 GMT 27 Nov 93

[Text] Seoul, Nov. 27 (YONHAP)—Orders for machinery and equipment by Korean manufacturing companies in the third and fourth quarters of this year were 38.5 percent above the same periods a year ago, showing signs of a recovery in capital investment. The orders also represent increases of 6.5 percent from the first quarter of this year and 17.6 percent from the second quarter, the Trade, Industry and Energy Ministry said Saturday.

The number of government permits for machinery imports issued in September rose 73.8 percent from the same month a year ago.

The September increase pushed imports of machinery in the third and fourth quarters up 25.6 percent from the same period a year ago, despite 1.5 percent and 1.6 percent drops in imports in the first and second quarters, respectively.

Compared with a year earlier, imports of machinery registered increases in the third and fourth quarters for the first time.

The number of the government construction permits for industrial buildings issued between July and September rose 48.1 percent from a year ago. It also increased 21 percent from the second quarter.

Ministry officials said the number of companies looking for a place in the nation's major industrial complexes is increasing sharply. They predicted that industrial companies will investment lots of money for plant and equipment in 1994.

Business Groups Project 20% Rise in Turnover

SK2611064393 Seoul YONHAP in English 0548 GMT 26 Nov 93

[Text] Seoul, Nov. 26 (YONHAP)—Major business groups expect their turnover to defy lingering stagnation and rise an average of 20 percent this year thanks mainly to semiconductors and automobiles. The top 10 are predicting total turnover of 207.9 trillion won (257.6 billion U.S. dollars), up 19.4 percent from 174.1 trillion won last year. Ranked by assets, they are Hyundai, Samsung, Daewoo, Lucky-Goldstar, Sunkyong, Hanjin, Ssangyong, Kia, Hanwha and Lotte.

At the beginning of this year, the groups set sales goals that totaled 206.84 trillion won.

Hyundai had production and exports disrupted by labor disputes in the spring, but recovered with brisk exports of automobiles and electronics goods and is now expected to achieve its sales goal of 50 trillion won.

Samsung has not made an official estimate, but officials say it will have no problem attaining the goal set by rival Hyundai. The group has seen a big increase in sales of electronics items, with semiconductor exports estimated to reach 3.1 billion won this year.

Daewoo is forecasting sales of 28 trillion won, well over last year's 19.98 trillion won and almost 2 trillion won more than its target figure. Daewoo has exported 170,000 automobiles so far this year, 20,000 more than its goal, while its color television sales in Japan have soared due to the strengthening of the Japanese yen.

Lucky-Goldstar group officials expect to reach target turnover of 30 trillion won without any difficulty while Sunkyong estimates turnover will increase more than 500 billion won from last year to 13.5 trillion won.

Record Iron, Steel Trade Surplus Forecast

SK2711021593 Seoul YONHAP in English 0140 GMT 27 Nov 93

[Text] Seoul, Nov. 27 (YONHAP)—The iron and steel trade surplus is expected to reach 2.45 billion U.S. dollars this year, the highest ever, the Korea Iron and Steel Association [KISA] said Saturday. According to KISA, exports of iron and steel goods will climb 24.4 percent from 5.37 billion dollars last year to 6.68 billion dollars. The goal is 6.6 billion dollars.

Imports are expected to rise no more than 6.3 percent from last year's 3.98 billion dollars to 4.23 billion dollars.

This year's projected record surplus of 2.45 billion dollars compares with 1.39 billion dollars last year.

Association officials attributed the sharp upturn to soaring exports to China and Southeast Asian countries.

Exports of iron and steel products rose 16.2 percent to 5.03 billion dollars in the first 10 months of the year from the same period last year, while imports fell 3.7 percent from last year to 3.39 billion dollars.

The surplus was 520 million dollars in 1987, 850 million dollars in 1988, 280 million dollars in 1989, 150 million dollars in 1990 and 1.39 billion dollars last year.

In 1991, there was a deficit of 930 million dollars.

Car Export Diversification Increases Markets

SK2711024293 Seoul YONHAP in English 0230 GMT 27 Nov 93

[Text] Seoul, Nov. 27 (YONHAP)—South Korean automakers' efforts to diversify exports have paid off with a 2.5-fold increase in the number of markets, the Korea Automobile Manufacturers Association (KAMA) said on Saturday. The five biggest markets absorbed 84.4 percent of Korean automobile exports in 1990, but 71 percent in 1991, 51.5 percent last year and 38.1 percent in the first 10 months of this year, according to KAMA officials.

The top 10 markets claimed 89.7 percent of total automobile exports in 1990, 82.4 percent in 1991, 65.5 percent in 1992 and only 57 percent in January-October.

The number of countries importing more than 1,000 automobiles a year from Korea increased from 22 in 1990 to 31 in 1991, 51 in 1992 and 56 this year, jumping 2.5-fold in three years.

The success of market diversification has contributed to brisk exports to Asia, Latin America and the Middle East since 1990.

The United States, Canada, Britain, the Netherlands, Italy and Yugoslavia were among the top 10 export markets in 1990, but now all but the United States and Canada got out of the list, giving way to Turkey, Pakistan, Iran, Chile and China, the association said.

Foreign Workers Permitted To Extend Stay

SK2511034293 Seoul YONHAP in English 0138 GMT 25 Nov 93

[Text] Seoul, Nov. 25 (YONHAP)—Working-level officials decided Wednesday to recommend to the government that it quadruple the number of foreigners allowed to work in South Korea to 20,000 next year and expand their stay to two years. Pressured to solve the country's growing illegal alien problem, and the labor shortage that would afflict small- and medium-sized manufacturing companies if they were deported, they made a radical change in the "technical trainee" program to expand employment of foreign workers.

The 13,400 illegal aliens who reported in June and were granted permission to work until Dec. 15 may stay longer, and their status will be changed to technical trainees.

Under the classification, foreigners will be granted permits to work in industrial jobs for a maximum of two years from next year.

Vice Justice Minister Kim Ki-sok chaired the meeting, which was attended by directors-general from the Economic Planning Board, Foreign, Trade, Industry, and Energy, and Science and Technology Ministries.

The working-level officials advised the government to recruit workers in Southeast Asia and give them two months training before they start work in Korea. They will be obliged to take out industrial calamity insurance and guidelines on issuing technical trainee visas will be changed so that any small- or medium-sized firm can qualify.

At present, a company engaged in so-called 3-d work—dirty, difficult and dangerous—or that invests overseas is allowed to take on foreign technical trainees. The 13,400 registered foreign workers will be re-classified as trainees, but the 45,000 who did not register in June will all be deported. Re-classification of registered workers and foreign trainees as technical trainees is expected to take until April next year, an official said.

The problem has been to balance the need to clamp down on illegal aliens and the extreme manpower shortage hurting companies that either cannot afford to pay the minimum wage or who cannot find Koreans to do their 3-d jobs.

The government is split over the problem as the Labor Ministry opposes expansion of the training system and postponement of the departure of registered migrant workers, but there are also voices asking about fairness to workers already sent home.

* New Order in Relations With Japan Sought

942C0008A Seoul SISA JOURNAL in Korean 9 Sep 93 pp 42-46

[By reporter Cho Yong-jun]

[Text] To Korea and Koreans, Japan and the Japanese have long been remembered as "Ichibannori (the action of samurai in war, shouting their names out loudly and charging into battle first)." It has been 30 years since the normalization of relations between the two countries in 1965, but this Korean attitude toward Japan has not changed that much.

The recent end of 38 years of the Liberal Democratic Party's [LDP] long rule, the destruction of the "55-Year System" and the advent of the "Showa Generation" carrying less of a burden concerning the past may have, in the hearts of many Koreans watching these events, planted a sense of crisis. In particular, as the fact became widely known to most Koreans that Shinseito [Japan Renewal Party] representative Ichiro Ozawa, whose true character is still unknown for sure, is in actuality planning and guiding the new political situation, and is therefore called the "shadow prime minister." Many may have been reminded by Ozawa of a samurai raising his sword and shouting out his name. Moreover, did not even Yohei Kono, new president of the opposition party LDP, in his speech announcing his candidacy for party president on 29 July target Ozawa, saying: "Forces scheming a political administration with strong nationalistic color are now becoming a political power. The question before us is can we hinder this."

The question of whether the Ozawa line is neonationalist, however, cannot be hastily concluded at the present stage. Even if Ozawa does have strong neonationalistic sentiments, this does not mean that this will be completely reflected in the Morihiro Hosokawa government nor that it will be widely supported by the Japanese.

What direction will the Japanese change take in the future? What is important is how the policy toward the Korean Peninsula of the "Showa Generation's" new leadership, Prime Minister Hosokawa, Ozawa, NLP representative Tsutomu Hata (foreign minister), New Party vanguard representative Masayoshi Takemura, etc., will be laid out. Before this, however, Korea and Koreans absolutely must think about showing a changed position toward Japan. They must realize that it will be impossible to adapt to not only a new Japan, but to the Northeast Asian order after the collapse of the cold-war system, using only past administrations' policy toward Japan or the Korean people's general sense of victimization by that country. We must find a new "grammar" befitting Korea and a new Japan. It is only after this that we can search for a new order between them.

An event has already taken place in the Ministry of Foreign Affairs suggesting where to begin writing the first sentences of this new grammar.

Early last March, the Ministry of Foreign Affairs and Asian Affairs Bureau Chief Chon Pyong-u decided on protective measures concerning past comfort women taken at the national level as the first proposal to be promoted after the birth of the new administration. This Asian Affairs Bureau position was made concrete by order of President Kim Yong-sam on 13 March. On this day, President Kim held a meeting with his chief secretaries. Revealing that it was his policy not to demand material compensation from Japan concerning the comfort-women issue, he instructed: "Make compensation to comfort women a part of the government budget beginning next year." In accordance with this, on 29 March the Ministry of Foreign Affairs decided to announce "Relief Measures for Former Military Comfort Women." This is an important event making an enormous mark in the history of Korean-Japanese diplomacy.

Concerning this, one high-level official of the foreign ministry had the following to say:

"Bringing up the past and blaming Japan is the easiest and most convenient thing to do. This attitude's greatest weak point, however, is lack of impartiality. We are right on some points, but Japan is right on some points too. We are forgetting the points about which Japan is right. This attitude no longer carries any weight in the international community. We should tell Japan what to do after we have helped former comfort women with our own money."

Another official of the foreign ministry said the following:

"Japan has become perplexed after comfort-women relief measures were taken. Even now they really seem to be bewildered. As I watched them in this state, I came to think, this is what hurt them the most! This really makes our position just."

Foreign ministry efforts related to the comfort-women issue are clearly presenting a grammar for the new Korean-Japanese relationship. The ministry is forgetting something, however: the Ministry of Foreign Affairs must not become the department responsible for handling the comfort-women issue. Northeast Asia Division I of the Ministry of Foreign Affairs Asian Affairs Bureau must clearly be devoted only to its diplomatic negotiations with Japan. That the ministry was forced to handle even the relief measures for former comfort women reflects the poor environment, unstructured and imprecise, of the Korean government and the current of general disinterest contributing to this environment's formation. This shows how much more structured Korea's efforts must be in the future if it is to be stronger in its relationship with Japan.

On 9 August, the government held a meeting of the Foreign Cooperation Committee led by Economic Planning Board [EPB] Director Yi Kyong-sik with economic ministers participating. Its decision on a "new direction for the development of Korean-Japanese economic relations" was also a reflection of changes in Korean policy toward Japan and the new grammar. Essentially a statement that, in the future no linkage would be made between Korean-Japanese economic issues, such as trade imbalance and technology transfers, and historical or security issues, the "new direction for the development of Korean-Japanese economic relations" is an expression of the Korean government's strong will to restore economic thinking "from receiving kindness to equality." In one move, this change in the Korean government has the effect of enabling us to avoid the criticism of professor Akira Tanaka of Choksik University: "There is no diplomacy between Korea and Japan. Korea has no vision, so it advocates the liquidation of the past or rehashes demands for correction of its trade deficit with Japan, for which there is no prospect for improvement," and the ridicule of Kasumi Sato of the *Modern Korea*: "Using the 36 years of Japanese rule as a shield, they may hit the table and yell loudly, threatening the Japanese. Then, before long, they apologize and compromise. It seems the Korean side is accustomed to using this kind of technique."

The EPB, however, did not consult with the Ministry of Foreign Affairs before making this announcement. It is the official position of the foreign ministry that, since the normalization of relations, not even once has it linked economic negotiations with issues of the past. This is in fact true. Korea's request for a $4 billion loan during Chon Tu-hwan's presidency reflects the attitude of the international community at that time that Japan was enjoying a free ride, that is, the criticism that it was engrossed in comfortably making money while not paying any price whatsoever for the free-world defensive system. Thus, the announcement by the EPB was also an example showing us the lack of an organized response to Japan.

Regardless, from 6 to 15 September, the government is sending the prime ministers and the Joint Civilian Government Investment Attraction Team (Korea-Japan Economic Association president Pak Yong-hak, team leader) to Japan's five great cities including Tokyo. This is six years after a team last went in 1987.

The question, however, is what package this large-scale investment-attraction mission will take with them. We cannot satisfy Japan's desire to invest in Korea merely by saying the environment of economic policy toward Japan has changed. This is little different than the past. "If we want to attract investment, we must first create an environment conducive to investment domestically. But we call for investment first, rather than thinking of making an investment environment. It's natural that the Japanese would view this as one-sided stubbornness," criticizes on EPB official.

Let us take a look at a 8 February 1993 report by *Yomiuri Shimbun* in connection with this: "In an October 1992 survey of public sentiment carried out by the Japanese prime minister's office, the number of Japanese citizens feeling friendly toward Korea dropped to 42.9 percent from 50.9 percent in October 1988. Also during this period, Japanese direct investment in Korea shrunk by almost one-half, from $483 million in 1988 to $260 million in 1991."

In the February issue of the Japanese *Shogun*, Professor Akira Tanaka criticized: "Even when Japanese businesses, one after another, are trying to get out of Korea, the view of Japan published in the media is that it is mounting a second invasion. Completely engulfed in stereo thinking, its inability to see reality can also be called negligence."

These relatively-organized views of Korea's relationship with Japan are only the logical thoughts of policy makers. The further down one goes, Koreans' sentiments about Japan become a very complex mixture of understanding and lack of understanding, recognition and lack of recognition, envy and contempt, hatred and a sense of victimization. Inasmuch as these sentiments are confused, it is extremely difficult to set up a consistent standard toward Japan.

On 25 August, there was a demonstration in front of the Sejong-ro Government Complex by the "Association of Bereaved Families of Pacific War Victims" demanding an apology and compensation by Japan. Composed of mostly older people in their sixties, they scuffled with the combat police blocking their way, unconcerned with the sudden downpour coming at just that time. They said they had just held a demonstration in front of the Japanese Embassy and were on their way to the government complex. Their demonstration was a most classic scene revealing what Koreans think of Japan.

Not all scenes related to Japan, however, look this way. Recently, the number of educational productions on television showing various aspects of Japan have markedly increased. They explain the type of education Japanese taxi companies give their drivers, how thoroughly Japanese construction companies keep periphery-environmental-purification regulations during construction, how developed Japanese education for the handicapped is, and air the various Japanese words without dubbing into Korean. This is a recent phenomenon. The flood of Japanese cartoons and videos showing the Public Ethics Deliberative Committee's mark of approval and the Japanese fashions of young people are no longer even the subject of conversation.

The problem is that behind these complex and varied appearances may dwell an excessive and exaggerated, disparaging attitude, caution, or admiration which disregards the true nature of Japan. These hinder the establishment of a proper Korean-Japanese relationship.

Let us look at one part of "Beyond Dislike and Hatred for Korea," an article by Masateru Ono, who until June 1993 worked for three years in the Japanese Embassy in Korea (now a secretary at the Japanese mission to OECD), published in the 21 June issue of Japan's *Sankei Shimbun*:

"It is certain that Koreans misunderstand and are prejudice, but we need to understand elements easy for Japanese to forget, behind our persistent anti-Japanese sentiment. The fact that Korea was historically a victim of Japan cannot be denied. Though the offender easily forget, the injured cannot. For Japan, areas in which it must cooperate with Korea, not only in economic relationship but also in the North Korean nuclear issue, the coming reunification of Korea and other issues affecting the peace and prosperity of the region, will expand one step further in the future. As it watches the democratization and internationalization of Korea, Japan must work to strengthen its cooperative relationship with that country for the mid to long-term."

NHK Seoul branch office manager Yasushi Miyao says the same thing. Thirty-six this year, it had not even been a month since Miyao came to Korea. Before being appointed to Korea, he had been constantly active as a political correspondent. For about two years while Nakasone was prime minister, he frequented the prime minister's residence and made two or three news-gathering trips to Pyongyang. The following is an abridged interview with him:

Some in Korea believe Japan wants to make the division of the Korean Peninsula permanent. Isn't that why Japan is aggressive in improving its relationship with North Korea?

A majority of the Japanese people and political leaders think the unification of the Korean Peninsula is important for maintaining peace and stability in Northeast Asia. It seems the correct view would be that Japan started improving relations with Pyongyang as part of its efforts to maintain peace. Also, this is the opinion of conservatives, but, they assert that if by Japan promoting improved relations with Pyongyang, including economic cooperation, Pyongyang opens up and the North Korean economy develops, then an environment will be created in which the possibility of realizing North-South unification is much greater. It is on this level that Japan can be influential. The major premise of all this, however, is that the North Korean nuclear problem must be solved first.

Some in Korea are concerned that Japan may be headed toward neonationalism. Isn't there a relationship between this and ideas about "contributions to the international community"?

The most important point is from what standpoint and in what form problems of the past should be settled. Again, this depends on how government officials of both countries make their people understand the problem. In addition, both countries must refrain from bringing up issues of the past and using them for leverage when trying to solve outstanding issues. The issue of apology and compensation for the past, however, must clearly be dealt with and disposed of.

Japan's *Jiji Communications* Seoul branch office manager Osamu Morita, 43, after working four years in rural districts was transferred to the political affairs department. While there, he frequented the prime minister's residence, Foreign Ministry, and National Defense Ministry. It has been a year and two months since he came to Korea. Morita gave a unique explanation of future Korean-Japanese relations.

"Since the end of the cold war, a tendency is appearing in Korean-Japanese relations which, if nothing is done, will cause them to gradually become distant. Even now, there are many among Japanese citizens and politicians whose interest in Korea is gradually weakening. Because they are no longer allies for security reasons, if nothing is done the Korean-Japanese relationship will become distant in the future. Thus, conscious effort is needed."

In answer to a question on the degree of relationship between the collapse of the cold-war system and Korean-Japanese relations, he said:

"During the cold war, there was the perception that Korean-Japanese relations must be close and consistent for security reasons. Both conservative forces and the LDP held this perception. However, as the cold-war system collapsed, the need to be concerned over security disappeared. So a "say-what-you-want-to-say," "no-need-to-be-patient" mood developed. The people now called the Korea-Haters Faction all belonged to the Pro-Korea Faction in the past. After the end of the cold war, nationalistic tendencies in both Korea and Japan are growing stronger."

Morita also provided us with a very important perspective on Ozawa. "Ozawa asserts that Japan must reflect on and apologize for the war it started. But for him, introspection and apology are merely prerequisites for Japan to act as a normal nation in the future," he explains. He also left this question, "For now, the new government will actively express regret for the war, connecting Prime Minister Hosokawa's private ideas, the ideas of the Socialist Party, and Ozawa's ideas. And even LDP president Kono is supporting constitutional protectionism. They're competing to see who is the most peaceful. But, what will happen when this ends? A contradiction may appear before then. Who knows what kind of competition they will have in the future?"

It seems Morita is not the only one feeling a vague anxiety about an uncertain future. Professor Shunpe Kumon of Tokyo University's Department of General Education recently wrote an article, "The Sixty-Year Cycle," appearing in the *Japan Echo*. It clearly reflects worry about Japan becoming a great power, whether politically, economically or militarily. According to him, the "Heisei Restoration" of the 1990s comes after the success and civil war of the Meiji Restoration in 1870 and the frustration and foreign wars of the Showa Restoration of the 1930s. He believes that in the event the Heisei Restoration fails, there is a high probability various foreign conflicts will arise.

These concerns are separate issues from "Now openly saying 'No'" and insisting that Japan must raise the level of its contributions to the international community through the UN.

Even at this moment, Korea and Japan carry on an exchange with 2.5 million people going back and forth annually. Even so, there are still many parts of both nations' positions on Korean Peninsula issues which remain opaque. If this situation worsens, Korean-Japanese relations will be nothing more than the polished, official position of each government. They will be mere neighbors, each with their own justifications. Future-oriented exchange will become impossible.

Then, what must be done? "The question depends on whether the foreign policies of both Korea and Japan are transparent," stresses one high-ranking official of the Ministry of Foreign Affairs, "Japan's policy is not transparent on many things, such as the nuclear issue, North Korean-South Korean relations and unification issues. Of course, I blame them for this, but we have many faults too. Neither of us show the other the transparency of our policy nor have we created organizations to clear up misunderstandings. We've been acting haphazardly toward each other. We now must create a framework and fence to discipline each other. Becoming transparent to each other is most important for future Korean-Japanese relations."

An article appearing in the July issue of Japan's *Chuo Koron* entitled, "For the Restoration of Asia," written by Okura, presently Japan's Foreign Ministry Economic Bureau chief, is worthy of note:

"Some even say that in the 21st century, there will be no top-level western orchestras without a Japanese or Korean violinist. From various angles, the "minus" value long born by Asia is finally being transformed into a "plus." Asia exists within this motive power. Asia is fast rushing into an era of searching for a common direction and a common fate, both economically and politically. For the first time in history, Asia has entered the stage as a possessor of plus value."

The perception, "What is today's Korea doing while Japan is raising its voice, speaking to the outside world of plus value?" is important. The insistence that Japan must become a permanent member of the United Nations Security Council is not only because it is an economic power second only to the United States, but because its share of the UN's normal budget is second (12.45 percent) after the U.S. (25 percent). Japan was elected seven times to be a nonpermanent member of the UN Security Council. This is more than any other member of the UN. This is the stark reality of the international community, which does not care what Korea thinks of Japan. Also, we must not forget that behind these election results is the steady economic cooperative activity (ODA) carried out by Japan worldwide.

It is now clear that some new grammar must be applied to a new Korea and a new Japan. As for its stages, first, painful reflection is needed within Korea to overcome the criticism of Japan that "to Korea, the 36 years of Japanese rule were as "Aino Komonno Inro". From this perspective, it is no exaggeration to say that Korean-Japanese diplomacy begins now.

* Historians Predict Major Change in Japan

942C0005A Seoul SISA JOURNAL in Korean 9 Sep 93 pp 50-51

[Text] There is going to be a momentous event taking place coinciding with the 50th anniversary of World War II defeat. This is the nucleus of the so-called "1955 cyclical juncture theory." According to the understanding of this theory, it is possible to view the political reform by non-LDP [Liberal Democratic Party] coalition government as a cornerstone ultimately for the greatly anticipated coming event of 1995. The juncture theory is a private idea, the validity of which is neither proven nor provable. Notwithstanding, the contemplation that the dynamic changes in a society can be explained through the theory of certain periodic cycles makes its profound presence known in Japan. One of those theories is the "theory of turmoil and subjugation cycles."

One of the reasons for the attention this theory is attracting is the point it narrates that the year 1993 in which the political reform is taking place in Japan fits in with the Japan's national motion time table for the 21st century. Of course, there is a difficulty for one in believing that the political reform of 1993 has been an outcome of a meticulous planning with a prescribed intent and schematic actions. Nevertheless, the theory of periodic cycles and the study of patterns of social changes could provide a method for understanding certain changes in Japan in preparation for the 21st century by recognizing the existence of certain frame of events for its broad social changes in its recent modern history.

Japan struggles internally to resolve the question as to whether to close or open its doors to the outside world in the decade of 1850's. That is to ask whether to maintain the Tokugawa potentate system or to open its gates and invite western culture and goods. The question, the first in its recent modern history, is where Japan is going. In 1860, Japan comes up with the answer to this self-imposed question in the midst of conflict between isolationism and open-door policy. There is an unparalleled level of desire for a new political system. Finally, the era of Meiji opens with Meiji Restoration in 1868 after the fall of the Tokugawa rule as the result of consolidation of power in Kyushu. The struggle of turmoil bears a fruit. Japan's national goals at the time were national prosperity and the mighty military force.

In 50 years after the beginning of the Meiji era, Japan joins in World War I, and in 1920 after World War I, faces once again a severe test of turmoil. This is the beginning of the so-called "Age of Imperialism." During this period, the Islands of Japan experiences an extreme political turmoil with the mixture of various political forces such as democracy, communism, and anarchism. However, through this period of turmoil, Japan transforms itself from a debtor nation to a creditor nation and witnesses its political party system blossom.

Japan encounters another intense turmoil with events such as its premier and a cabinet minister being assassinated by members of the Blood Politics Union Group during the six years immediately before World War II, 1932 to 1938. Once again, Japan asks itself, "Where is Japan headed for?" Japan equips itself with a new outfit called all-out mobilization system with the legislation of the Comprehensive National Mobilization Act in 1938 and, two years later, sees World War II. And, it is about this time that the ideology of the so-called Great East Asia Co-prosperity was born.

Despite its surrender in 1945, Japan starts to rise again by 1950 as a major economic force and, as it enters into the decade of the 90's, contemplates the set of national goals "in preparation for the 21st century during the next ten years." The fall of the LDP government after an uninterrupted reign for 38 years is probably the biggest event of change since the end of World War II. "What the advent of non-LDP coalition government and political reform means is that the political establishment has regained its leadership role in carrying out the changes demended in Japan," analyzes Professor Han Sang-il of National University and foresees that "Japan, within the next few years, will emerge as a stronger nation with a unified front on issues and a new vitablity, although it would suffer a tumultuous path in the process." He also observes that the national interest surpasses all other barriers such as political divisions and fractions which is uniquely a Japanese character and once again it will demonstrate its strength; a clear example of this, he notes, is the formation of a coalition government through cooperation of Social Democratic Party of Japan with the Conservative Party for the sake of succession of government.

There are some scholars in this country who observe and analyze the recent modern history of Korea and Japan applying 20-year cycle analysis. Professor Yun Chong-sok of Chungang University states: "We have reasons to watch carefully Korea-Japan relations around the year 2005 based on 20-year cycle theory." According to him the probability of a major event occurring around the year 2005 increases as one views major events in Korea-Japan relations from the point of 20-year average cycles as follows: Queen Myong-song's evil manifestation (1895), the treaty of 1905 (1905), dethronement of the Korean dynasity (1926), the liberation of Korea (1945), establishment of Korea-Japan diplomatic relations (1965), and the visit by the first sitting Korean president (President Chon Tu-whan) to Japan (1985). This cycle theory, although it has been critisized for its preordination concept of events, is acknowledged for being a major methodology to project future events of change as a cyclic theory of social dynamics and for the analysis of historic development.

The 30-year cycle theory on political elites presented in The Political Leadership Issue in Japan by Masaaki Takane, a (Commerce University of Japan) professor and an ex-journalist, is regarded as an interesting analytical tool. Takane theorizes that political elites rise and fall with a 30-year cyclical interval, having analyzed them for the period of Japan's modernization which spans 1860 past 1890 to 1920. This cycle theory was applied to studying both types of political elites, one being of hereditary products having inherited the social status from their fathers and the others being of those who rose up the political ladder through the ranks irrespective of the social stations they were born in.

The advent of non-LDP coalition government, which some even refer to as a political coup, brought about the ascent of numerous postwar generation politicians, now in their 50's, and they are working together with the prewar counterparts; this phenomenon is quite comfortably compatible to the fundamentals of the 30-year cycle theory on political elites. This is because the advent of the new government was the first infusion of new blood in the political elite establishment since 1968 when a political change took place through the then, new cabinet of Eisaku Sato.

The cycle theory cannot claim to be the foremost theory in explaining the political changes of Japan in 1993. It is but one of the theories that would help understand the characteristics of "Japan's transformation" currently in progress and project its final destination by analyzing the core and the path of Japan's social changes in its modern history.

* Defense Command Disbands Military Clubs

942C0028A Seoul CHUGAN CHOSON in Korean 21 Oct 93 pp 28-29

[By reporter Yu Yong-won]

[Text] Since the beginning of this year, the Defense Security Command [DSC] has exposed and disbanded a total of 41 military clubs, it was revealed in parliamentary-investigation hearings of the National Assembly's National Defense Committee held on 6 October. On this day, in an operation report on the parliamentary investigation which had been conducted in secret, DSC Commander Kim To-yun revealed that, as a result of an investigation made under a policy of disallowing private organizations with the military, 41 military clubs were exposed and all were disbanded.

Almost buried, this fact came to light in the morning when Representative Chong Mong-jun brought up the issue during questioning by lawmakers after the conclusion of Commander Kim's secret operation report. "While giving his report, Commander Kim stated that until now 41 clubs, organized around regional and school connections and around workplace affiliations, have been exposed and disbanded. Clarify your report on these private organizations and their memberships," demanded Representative Chong.

Representative Chong also demanded Kim reveal the scope of what was viewed as a private organization, the definition of "private organization" being vague. Kim put off answering Represntive Chong's questions, however, stating that the DSC would submit them in writing.

Nothing stating 41 clubs were disbanded was in the materials "Present Unit Status (Third-Class Secret)" the DSC distributed to and then collected from lawmakers. It only contained a statement that private clubs were exposed and disbanded. This was stated verbally by Commander Kim as he gave his report. Rep. Chong had made a memo of it during the report and asked about it afterwards.

After this fact was reported in the press, interest in the nature of these 41 private clubs is growing. In the Korean climate, in which the words "private military clubs" brings up images of political organizations like the Hana Hoe or Alja Hoe, curiosity cannot help but grow more intense.

DSC sources, however, are saying that most of the disbanded clubs were of a different character than the Hana Hoe and Alja Hoe, that they were "trivial organizations." Made up of people from the same home town, the same school, the same branch of the army or the same workplace, these organizations were created for the purpose of promoting mutual understanding and friendship; there were many hometown-friendship and high-school alumni associations from the Cholla and Kyongsang Province regions, they say.

These organizations drew attention, however, because it was confirmed that their memberships were made up of vertically-linked relationships, not just horizontal relationships among members of the same class, etc. Even social organizations, such as hometown-friendship and high-school alumni associations, if confirmed to be not just gatherings of members of the same class, but to have vertically-linked relationships, such as those between juniors and seniors, then the DSC has characterized them as private organizations and disbanded them, it is reported.

"Most of the disbanded organizations were purely social clubs in character, but their memberships were confirmed to be made up of vertically-linked relationships, such as those between juniors and seniors from the military academy," revealed a DSC source.

This is not the first time the DSC has disbanded private organizations. It was after the early 1980s that the DSC began full-scale supervision of private organizations. After the so-called New Military took power, alumni associations of the Military Academy, ROTC (Reserve Officer's Training Corps), various schools and officer candidate schools of each service were disbanded. "The influence on the military of the Pukkuksong Hoe, a gathering of Military Academy graduates, and various other alumni associations was great," said one source who worked at the DSC at the time, "the New-Military leadership disbanded these alumni associations because it was concerned that its control over the military would grow weak."

Although recognizing social clubs made up of members of the same class, the DSC at the time disbanded private organizations with vertically-linked relationships in which juniors and seniors gathered together. It also disbanded groups with both active-duty and reserve personnel. The standard for what is considered a private organization being applied now was created at that time.

According to this standard, the Hana Hoe naturally should have been disbanded. It is difficult to find any indications, however, that the DSC disbanded the Hana Hoe at that time. Because Hana Hoe members held key positions within the DSC there was no reason for them to cut their own throats. Because of this, criticism was raised within the military that Hana Hoe members disbanded other private organizations to strengthen their own positions.

In the early 1980s, the New-Military leadership even disbanded the Songu Hoe, a gathering of reservist generals. Most convincing is the interpretation that this was done because of concern over opposition by reservist generals to the 12 December 1979 coup d'etat. The Songu Hoe was resurrected a few years later.

Experiencing a lull for a time after the early 1980s, the DSC's work of disbanding private organizations picked up again after the middle of the decade. In particular, it produced the "achievement" of exposing and disbanding the Alja Hoe, a private organization composed of graduates from Military Academy classes 34 through 43. At the time, the DSC stated that because Alja Hoe members were all low-ranking company-grade officers, it closed the case after only warning them and getting a sworn statement from them that they would not become involved in further private-organization activities.

The DSC's work of disbanding private clubs had in fact lost its legitimacy since it left intact the private organization of private organizations, the Hana Hoe. Another round of confusion arose with the appearance of former President Roh Tae-woo's so-called 9-9 Group (made up of people from former President Roh Tae-woo's 9th Airborne Brigade, 9th Division).

Former President Roh introduced the 9-9 Group with the justification of restraining the Hana Hoe. These people used the disbanded "Alja Hoe" to reinforce their ranks. It is reported that Generals L and K of the 9-9 Group looked after the Alja Hoe. The existence of the Alja Hoe was finally exposed when it stirred up a controversy within the military at the end of last year. All its members suffered the misfortune of being rejected for promotion this year.

As the existence of the Hana Hoe became known to the world this year, its members were driven from key posts and excluded from promotion. This year, therefore, is being called the true "first year of an era without private organizations." Through a large-scale personnel shakeup in late March, the DSC in particular returned six Hana Hoe members, including four colonels (and two lieutenant colonels), and two Alja Hoe members (one major and one captain) to their parent units, creating a base from which to "honorably" disband private organizations.

Concerning these measures taken by the DSC to disband private organizations, some say that it should have acknowledged the legitimacy of purely social clubs, that even if these clubs are dissolved, the military will become too dreary. Many within the military who have experienced the abuses of the Hana Hoe and other private organizations, however, are of the opinion that the military must no longer be influenced by them.

In parliamentary-investigation hearings held on 6 October, Commander Kim revealed, "We are preparing for the possibility that, with the new government, the Hana Hoe, 9-9 Group, persons involved in the 12 December 1979 coup and other newly alienated groups may be disaffected and form new private organizations." The DSC is being watched to see how effectively, and without ill effects, it will be able to carry out the work of disbanding private organizations in the future.

* New Chief Justice Begins Reform Work

94P30014A Seoul CHUNGANG ILBO in Korean 18 Oct 93 p 22

[Text] New Chief Justice Yun Kwan is carrying out his promise to reform the judicial structure. He has appointed a plenary team to establish a judicial reform committee, called "the Pan-National Judicial Reform Committee," which will have approximately 20 members selected from various professions, social organizations, and dissident groups.

The plenary team consists of six high-level judicial professionals, such as a senior legal policy researcher from the Court Administration Office and judges from the high and district courts. At the team's first meeting on 18 October, it set guidelines for selecting committee members and discussed reform tasks.

The team will look for highly qualified individuals who have knowledge of and interest in legal and judicial affairs. The Pan-National Judicial Reform Committee will have three subcommittees: Reforming the National Judicial Examination System, improving the judicial training and education system, and the establishment of the Judges and Prosecutors Assignments Branch. Each subcommittee will have six to seven members.

The committee will work on establishing a board to review judges' and prosecutors' personnel matters and assignments, to establish a performance evaluation system, to merge Seoul's civil and criminal court systems, to improve the appeals process for higher courts so only cases that merit consideration will reach the Supreme Court, to set up calendars for judges and prosecutors to meet regularly, to improve the hiring system, and to change the selection process of judges and prosecutors for special judicial areas.

* Real Name System Invigorates Stock Market

942C0020A Seoul WOLGAN CHUNGANG in Korean Oct 93 pp 264-269

[Text] It has been two months since the real name financial system went into effect. Yet, prospective investors aare still confused and uncertain. It is not difficult to understand why this is the case. There are still more issues that are confusing than those clarified. We face questions constantly such as "What on earth am I supposed to do for investment?", and face frustrations for being unable to provide answers to satisfy prospective investors. Surely, there must be a right answer. What a prospective investor should keep in mind is that he has to have the determination to stick to the basics, particularly in a time such as this.

Regarding fund management, there are three general types: Savings, investment, and venture activities. And, there are three capital asset types: Real properties, public securities, and bank deposits. There are some distinctive correlations observed: The more advanced the economy, the greater the relative weight of investment and public securities, while the less developed the economy, the greater the relative weight of venture activites and real properties.

The portfolios of prominent Koreans known publicly reflect that the trend was in ventures for management type, while funds were heavily invested in real properties for asset type. This is ironic in that this country has been striving to become a nation of advanced economy and, yet the majority of its leaders manage their personal finances in a mannner of a less developed country. There is no doubt that this irony derives from the structural problems of our economy.

Information concerning the national land development programs undertaken by the government for its economic development policy that has been in existence for quite some time always generated windfall profits. Because of the chronic fund shortage fo the program, the underground financial market was able to realize excessively high rate of return. Consequently, the investment record of our economy is not balanced or rational as demonstrated in the way the leaders of the nation managed their personal finances, but it has been sporatic and lackluster.

Likewise, anyone who had some money wanted to own a piece of real property and blindly rushed into whereever there was a possibility of big profit-making, and this generated a string of cases of deception one after another. This kind of social environment may have contributed largely to the erosion of sound work ethics, and hard workers have felt it. However, I expect that the real name financial system together with the taxation policy of excess profits on land development programs would change our traditional pattern of fund management and steer it into a new direction.

The first anticipated change is the increase of funds deposited in banks. This is because massive funds managed in the underground finance market in the past would be channelled into legitimate financial institutions through the process of the real name system.

In order to attract those funds, I expect that financial institutions would develop new financial products. Such an effort had already been in a trial phase, though on a piecemeal, and the new financial product development is in progress already after implementation of the real name system. The government has also taken the position to provide active support for induction of those funds into the financial market in order that those funds have the opportunity to grow with minimum disruptive effect.

Particularly, the tax preference financial products would become highly popular as a means of compensating heavier taxes being felt by those funds as a consequence of the real name finanical system, and there would be an increased interest in a financial product that could be used as a vehicle for a tax break and tax reduction.

So far, tax preference was designed to help workers to save funds and own assets through tax benefits affecting the nation's revenue but I expect that there would be tax benefits, forthcoming, to induce large funds into financial institutions. Therefore, new products would be a mix of lower rate of return, but, with a tax benefit.

I also believe that there would be an increased interest in bank trust funds. Trust funds would be attractive, particularly, to those investors who had been receiving much higher rate of returns than those offered by legitimate financial institutions because trust funds are considered a high-yielding financial product. This view is supported by the fact that banks are already experiencing increased trust activities following implementation of the real name system.

I also expect an invigorated commercial paper market. There would be an increased utilization of business notes for short-term investment as there would be more available notes issued, on credit, by businesses which in the past obtained their short-term capitals from the private fund market. In order to make this possible, financial institutions must step in and take the role of mediator which in the past was exercised by parties in the underground financial market, and an increasing number of financial institutions would be called to do so. It is desirable that the entities such as mutual credit depositaries and credit union depositaries be nurtured and upgraded to the level of a financial institution in order for them to be able to fill in the vacuum created by the disappearance of the private fund market and to provide guidance for proper private fund management.

At the same time, I expect that the interest in bonds would also increase. A bond which, so far, is considered out of reach for the general public because of its requirement for large sums and long-term commitment would become a product readily available to those with a reasonable size of funds to invest as there would be more opportunities in the future for smaller denomination bonds, and would naturally attract those prospective investors.

It is highly probable that the government would actively come up with a plan to promote the bond market as well, in order to absorb those unsettled funds floating around as a result of the real name financial system.

The government plan for a more active bond market is currently based on its open door policy for a financial market which has been around for over a year, and has not been very successful.

One may expect that the government would gradually increase the volume of its treasury bonds, which is essential to an active bond market, as a funding mechanism for its existing programs concerning indirect social capital expenditures. Tax preference items and other new products could be expected in the bond market, as well. Funding a public project would be much easier and more effective through issuance of treasury bonds with a tax incentive rather than through higher taxation.

There would be more long-term bonds available for whose who look for effective means of capital preservation and fund owners would welcome them. Specifically, increased volume of long-term treasury bonds would have the stabilizing effect on the bond market, which would, in turn, not only vitalize the bond market but also lay foundation for realization of the free market oriented interest rate.

Among bond products, I believe, there would be more interest in convertible bonds and coupon bonds, which weigh heavily on yield. Advantage of convertible bonds is that the principal would be unaffected even when the economy is slow, but it can be converted to stocks when the economy is expected to pick up and grow.

I expect that we would see a broader utilization of convertible and coupon books ahead as investment vehicles, as we know that trading of those bonds in an advanced economy is far more sophiscated relative to ours than trading of stocks and bonds. Development of this area could draw attention in the future because businesses would also utilize more of those bonds to raise their capital in anticipation of growing demands for them.

Once the initial shock of the real name system subsides, I believe that more people would be interested in stock purchase. This is because undee the real name system there would be no other investment vehicle to satisfy those who used to get high returns together with evaded taxes, other than stocks. Consequently, one may reasonably assume that the largest portion of the shape of a new portfolio under the real name system, over the long haul, would be stocks.

Setting all other reasons aside, the fact that the capital gains are tax deferred, by itself, would be an unmatched superior reason to invest in stocks, for the time being, because other products increasingly burden investors with taxes. It is very likely that more funds would turn to stocks, as time wears on, for they have to make decisions on their new investment strategies under the real name system, particularly because per capita investment ceiling in this country has recently been raised and expanded, which opened the door for large funds to be able to freely buy and sell stocks.

It seems that this may bring a profound change in our stock market for those large funds, whose investment goals tend to be long range in nature, and would place their emphasis on balanced and long-term holdings while the market, until now, had been dominated by short-term and price sensitive activities. We would also see an increase in funds entrusted to and managed by investment brokers and increased investment in mutual funds in which one invests through purchase of the fund shares.

Once the role of financial consulting firms and the influence of investment advisors become more prominent, the market could expect to see its qualitative changes as scientific tools and rational investment philosophy would function as a matter of routine practice in the market. Accordingly, one could expect to see more and new variety of investment mix made available to stock investors.

As for variety, we would first look at the distinction between income stocks and growth stocks. An income stock means a stock which is relatively safe from falling share price and its dividend payments are expected to be regular. Although one can not consider dividend payments an absolute guarantee and should incorporate stock price appreciation into the total return, it is reasonable to expect that there would be a minimum of certain dividend payments for an income stock. A capital stock would be considered in this category.

One might say that, over the years, more funds went into the purchase of stocks of growing companies in this country which experienced high economic growth rates and there has been a relatively minor interest in capital stocks. And, during this period, our companies traditionally withheld dividend payments, which discouraged investors from buying stocks.

However, there would be more companies paying higher dividends now that companies, in recognition of the changes in the market sentiment, would modify their dividend policies knowing that the realistic management of dividend policies could increase values of the companies.

Growth stocks could further be divided into capital preservation stocks, constant growth rate stocks, and speculative stocks. A capital preservation stock is the stock of a company that has a solid financial structure and can offer security for the capital, irrespective of its dividend record or stock appreciation. So-called super-grade stocks would qualify for this.

Such stocks would be found mostly among stocks of companies dominating the industry or the single established force in the industry, and they are, more often than not, stocks of public corporations and of high-price/low-PER (price earnings ratio). Constant growth rate stocks would be those of large and good-grade companies. They would be for those who would like to realize the average market rate of returns and, at the same time, keep up with the growth rate of the national economy.

Most of the middle class investors would probably opt for this investment direction. Institutional investors would also look for this type of investment and, I expect, there would be significant new understanding for stocks of large and good-grade companies in our stock market, from now on.

There is a strong indication that foreign investors also prefer this type of stocks and it is my conclusion that our stock market would utilize the stock-price indexing method as in the United States and Japan where the total market price movement is studied through that of the several representative stocks, and this would enhance the efficiency of the market.

A speculative stock is that of a company which, though its financial strength is less than perfect, is expected to generate a big profit in the long run because of a favorable business environment to the company and the price of which is low. Investment in this type of stock involves a high risk and it should be done in conjunction with the investment in capital stocks and good-grade stocks, as the means of hedging. And, the trend of this type of investment would be a dual approach in that it would have the long-term goal and the hedging mechanism together.

It is highly possible that there would be a full-pledged trading of real estate commercial papers. In view of the fact that the people of this country possess a peculiar tendency of real estate preference, the appearance on the financial market of real estate mortgage instruments would slow down the rush for investment in real properties, and there could be a program designed to bring about an efficient use of real properties departing from the practice of using them as a mere investment vehicle.

In summary, the new portfolio under the real name financial system could bring about changes that would gradually increase the share of securities investment along with the increasing financial capital investment. Among them, tax incentive would function as a major variable in decision-making, and one may project that the deferrence of capital gains, at least for the duration of the current administration's term, would bring more funds into the stock market.

The commonly held view is that investors would be attracted more to complex products rather than a simple financial or securities product in order to achieve their objectives of lower risk and higher returns, for funds invested in either financial instruments or securities inherently carry risks accompanying an investment. For an investor to achieve these goals, financial institutions must provide a variety of innovative products, and an investor must acquire the knowledge to assess his own holdings measured on the scale of risk and yield balance.

One ironclad principle that applies to every kind of investment is that the higher the risk, the greater the expected return would be, and the lower the risk, the smaller the expected return.

One may assume that the content of a future portfolio would reflect a rational expectation as a result of the real name financial system which is in the process of realizing a revolutionary change that would dispel the irrational desire for excessive yields that had permeated throughout the economy. From this perspective, the specific products mentioned should not be considered a miracle product for capital management simply because of their relative superior ratings; the higher the expectations, the greater the risks, one ought to keep in mind.

It becomes obvious that the real name system was necessary to make this country a society where hard working people can expect to receive their rightful share of reward. And, we can expect a social environment where emphasis of capital management placed on such items as real properties and commodities would gradually diminish and the appetite of investors for speculative dealings would decrease.

But a word of caution may be in order here that we should not lose sight and be influenced by this evolving new environment and neglect the act of making and accumulating money itself.

* Professor Says Phased Unification Unrealistic

942C0022A Seoul WOLGAN CHOSON in Korean Oct 93 pp 410-417

[Article by Pak Song-Cho, professor of political science at Berlin University]

[Text] When the Berlin Wall crumbled, I witnessed the "ecstasy" of the German people. Berlin was the site of German unification. I saw the Berlin Wall go up when I was a student at Berlin University, and I saw the Berlin Wall fall while I was in the faculty of Berlin University. To me, being from a "divided country," the realization of German unification cannot but be an "object of envy," and Germany is an experimental station on unification.

Recently, I met with former DP (Democratic Party) President Kim Tae-chung on two occasions to discuss the unification issue. The first occasion was in Berlin, and the second in Seoul recently. Particularly in the Seoul meeting, Mr. Kim's article in the WOLGAN CHUNGANG September issue was the subject of discussion.

Mr. Kim maintains that "unification must be carried out step by step, and preparations for it also must be made step by step." His doctrine of phased unification is logical, orderly, and systematic. But the unification of our country will come in the course of history, and "unification" is not amenable to "planning," nor can it be forced upon the other party in any form or shape. Therefore, the doctrine of phased unification is too rigid and "visionary" in nature because the set phases would work something like a "daily schedule" that one has to follow.

Moreover, "the phase doctrine" is the strategy used by North Korea, which has no earnest desire for unification. However, the starting point of "our unification policy" should be the premise that "unification is always possible." Yet Mr. Kim maintains that "if unification takes place now, it will cause big trouble." I do not agree. Noting the after-effects of German unification, such as social confusion, the hollowing of the East German industries, and the enormous cost incident to unification, Mr. Kim uses these after-effects to support his doctrine.

Mr. Kim links the survival of South Korea and that of the entire Korean race to unification. He stresses the logical necessity of unification in these words: "Unification is vital to our survival, and it will enable us to emerge as an advanced nation." In my opinion, he should explain in more concrete terms why unification is "vital to our survival" and is necessary for us to become "an advanced nation."

1. North Korea is a problem for the Third World as well

There is a tendency to regard North Korea only as our problem, that is, a problem limited to the Korean Peninsula, simply because the people in the North and South are the same race.

We believe that we should regard the question of realizing national unification as our problem, and at the same time, elevate it and make it "an international issue." At a time when the Cold War is over, Korea still remains "the boiling point of the Cold War." We must make an international issue of this fact and make it the focus of international attention. At this juncture when the elimination of poverty, democratization, and opening are a matter of concern and an obligation for all countries of the world, we must make "North Korea" a focus of international development policy (or the United Nation's development policy).

I believe that at a time when all former socialist economies are vying with each other to shift to the capitalist

economic system, and all international organizations and world public opinions are actively pushing and supporting this "process of transition," North Korea should not be left out.

2. Unification as historic national mission

Underlying our perception and goal of "unification" is the premise that achieving unification is our nation's historical mission. When we perceive the idea of "unification" in the context of the flow of history, we notice differences between divided nations in "homogeneity," and in their past experiences as single undivided nations.

In the case of Korea, it has a greater degree of "racial homogeneity" and a longer uninterrupted experience as an undivided nation than other divided countries. When the division caused by the Cold War is viewed in terms of "race" and "ethnicity," the countries that appeared to have a unified political and economic system are either already split or are fighting to split as in Yugoslavia, the former Soviet Union, Czechoslovakia, Belgium, etc. This indicates that there is some other factor that binds people together.

In other words, we realize that some countries appear to be unified on the surface but divided inside, depending on how much coercion internal or external forces resorted to in previously achieving national unification or national division, and how politicians have been using the unification or division as their political tool.

In our case, granted that we are different from other nations in homogeneity and experience as a divided nation, we should clearly evaluate how important these factors are as a motive force for promoting unification, or to what extent politicians are actually making a political capital of the current division by using it as their political tool.

In short, at least we may say that the North Korean political leaders are knowingly using the current division for their political justification. In view of this, one can understand why North Korea is playing crafty tricks with the nuclear issue.

When all is said and done, I feel like challenging those who seek to achieve unification from a cultural and emotional point of view to take up as a subject of study the question of how great a historic and national task it is to achieve unification. We should even ponder cooly over the division in our South Korean society itself.

In fact, the antagonism between the eastern and western parts of South Korea arising from regionalism remains unresolved. That is why we should evaluate how much cohesive power we have in achieving national unification.

3. Unification will end "division-generated consumption"

The concept of "consumption" as referred to here is not one that is limited to an economic or material sense. It is a comprehensive concept that involves not only the spiritual and emotional aspects but even the social "network," one of the characteristics of industrial society.

We have been making excessive consumption, which amounts to waste for the "management of the division." In my opinion the defense cost and other overall outlays directly and indirectly associated with defense should be a subject of study for economists.

However, in my mind the heart of the problem is the effects of all the outlays we are making in all aspects of our society—economic, social, political, and cultural. The logic commonly used in our South Korean society in particular may be called "black-and-white logic." In other words, we have built a culture founded on the black-and-white logic."

The logic by which we divide people between those who participate "much" and those who participate "little" in the efforts to overcome the national division, and divide things between "many" and "few" is rampant; and politics in our country with the exception of the new government has used this logic as a basic norm of judgment in all organizations and normative structures. Many organizations were formed simply to differentiate between black and white. One of the major tasks for the civilian government is to see that unification is not viewed as consumption. In this sense I like to call our unification policy as one designed to implement democracy.

4. Unification as economic policy

It is difficult to determine how far economic cooperation between North and South would have progressed if there were not the nuclear issue. The North Korean economy is showing signs of extreme isolation, poverty, and weakness in all aspects, and we can easily predict that if this situation gets worse, it may lead to the same kind of eventuality as we have witnessed in Romania and Albania.

In fact, the dissatisfaction of North Koreans with their current plight is mounting. What should we do about it? I think that basically we should present a "mid-long term blueprint" for integrating the North Korean economy into the South Korean economy.

In this connection we should note that in the world economic scene the formation of two blocs, namely, an integrated European economy centering on the EC and a free trade zone represented by the North American Free Trade Agreement is actually in progress, but in the Asia-Pacific region only debate has long continued on various ideas about forming a cooperative and integrated economic system, with no concrete practical and realistic plans ever presented. Under these circumstances, area-by-area cooperation mechanisms have begun to emerge in Northeast Asia.

One of them is the cooperation mechanism centering on the ASEAN, and another is the "Hainan overseas Chinese economic zone." Needless to say, Japan has an economic power capable of dominating the whole of Asia. In Northeast Asia, discussions are under way on plans to form economic zones around the rims of the East China Sea and the Yellow Sea respectively, and the Tumen River project, but no tangible progress has been made toward forming these zones.

South Korea is making efforts to shift its policy from lopsided economic relations with Japan and the United States to a gradual reduction of dependence on these two countries. In reality, we are losing our competitiveness in the U.S. market due to the delay in revamping our industrial structure and the sharp rise of wages, etc. Thanks to these efforts, our trade with Southeast Asian countries and China is picking up.

However, increasing dependence particularly on the Chinese overseas economic zone is not so desirable for our economic and trade interests.

The more this dependence increases, the narrower the latitude of choice for our economy. While assuming that China will play the leading economic role in Asia in the 21st century, we must not overlook the fact that our economy is currently moving into greater independence on the Chinese economic zone.

However, if North and South form an economic cooperation system and make the best use of their 70 million population, modest underground resources, and their most advantageous geoeconomic position in Asia, they can form a fairly strong economic unit. From this point of view, we see the necessity of achieving national unification.

5. To become a middle power

Needles to say, countries around the Korean Peninsula—Japan and Russia, not to mention China—will not like Korea to be unified and emerge as the kind of economic power (of course, not a superpower) that I foresee. Naturally, they would rather prefer the status quo so that they may take advantage of the divided state of the Korean Peninsula to achieve their political goals and seek to promote their economic interests.

Therefore, we must drive home to North Korea how urgent it is to put an end to the process of splitting the capabilities and potentialities of the North and South and achieve unification for the sake of "economic rationality" so that we may induce North Korea to promote economic cooperation with the South to that end.

In the process of German Unification, the words "two plus four" were coined. By two is meant East and West Germany, and by four the United States, Britain, France, and the Soviet Union. Under the two plus four formula, the four World War II victors resolved the remaining postwar diplomatic issues relating to East and West Germany, realized German unification, and eventually turned over the sovereignty to a unified Germany. When doubts were raised at the beginning as to whether or not unification was possible, many people in the neighboring countries said, "We will not welcome German unification." The foremost reason was their fear that unification would create a "Big Germany" right in the center of Europe.

What about Korea? Some say "two plus four" consultations are also necessary in realizing the unification of Korea. According to this opinion, North and South Korea should consult with the United States, China, Japan, and Russia to solve problems involving diplomacy. But I do not side with this view because if we were to follow the German type "two plus four" formula, Japan and China would be left out because they are not World War II victors.

The focus of the issue is the current pattern of Big Three power play over the Korean Peninsula. The three powers are Japan, China, and Russia. When this triangular power play pattern further develops, there is the possibility that another three-way rivalry between these powers similar to the one that existed before the fall of the Yi dynasty. The only difference between now and then is that in those days there were many factions such as the pro-Japanese, pro-Chinese, and pro-Russians while the "conservatives" and the "reformists" pitted against each other, but in the future there will a clash between the proponents of the technology-comes-first doctrine and those of the commodity-market-comes-first doctrine.

There is ample possibility that the Korean Peninsula will be the bone of contention between the Big Three, and that they will apply their logic of "checks and balances" craftily to take advantage of the divided state of the Korean Peninsula. Aware of this possibility, we should aim to build a "middle power" through unification.

If we make the best use of the resources of the 70-million population of a unified Korea, and its most favorable geoeconomic and geopolitical conditions, we will be able to free ourselves from the current state of being a weak divided nation, although we cannot become a big power. A unified Korea will be able to join directly in the competition of big powers in its capacity as a "middle power" and not as "the bone of contention" for them.

During my discussion with Mr. Kim Tae-chung on the unification issue, we were almost in complete agreement on the logical necessity of unification but there was a considerable difference over the methodology. The following is a summary of our discussion of the unification issue:

Pak Song-cho: In your unification doctrine you have been consistently calling for a phased approach. But I think this approach requires two preconditions. First, North Korea itself must be really interested in unifying the country step by step. Second, North Korea, being a state, must be really ready to sacrifice its national interests for the sake of unification.

Kim Tae-chung: The only way to draw North Korea into negotiations is a step-by-step approach. It is necessary to safeguard our interests while making concessions.

Pak Song-cho: But there is no precedent in which any two parts have ever formed a single nation by agreement through whatever process.

In reality, until now all instances of unification were achieved only by force of arms or by coercion exercised by the stronger upon the weaker. Don't you think it would be all the more difficult for two states which have different political and economic systems, and which engaged each other in a war, to achieve unification "by agreement"? The step- by-step approach called for by North Korea in particular is nothing more than a "ploy to prolong its existence." How difficult it is to achieve integration by agreement is illustrated by the EC.

As you know, all the 12 EC member nations have the same kind of political system and market economy. The economic rationality and potential mutual benefits of "integration" has been proven academically and in reality, and there is the logical necessity for the EC to become a strong "single bloc" at a time when the world economy is moving into a three-way polarization. Yet the integration of the EC is having an increasingly difficult sailing as shown by the trouble with the European currency union. Under these circumstances, it is not so easy to translate into reality your proposal for achieving unification by 1995 through a national commonwealth formula.

The step-by-step approach, which was also a subject of discussion in the process of unifying Germany, is meaningless. It could be an open card used in negotiations at the government level. But as far as our unification strategy is concerned, there is no other way but to make North Korea wither and crumble in order to annex it. In other words, our goal of unification should be the capitalist market economy under democracy.

The ultimate goal of your unification doctrine is also democracy and the capitalist market economy. But your doctrine has the ample possibility of prolonging the socialist-communist system while going through different phases. In my opinion, if West Germany had not provided economic assistance to East Germany under Brandt's Eastern policy, East Germany would have collapsed much sooner, and Germany would have been unified that much sooner. While proceeding from the stage of a national commonwealth to the next stage, Kim Chong-il might take advantage of this process to gain time and strength, and North Korea might demand a greater burden of South Korea by saying it is necessary for the formation of a confederation.

Unification cannot be planned ahead. Unification involves diverse chance elements of historical realty as was the case with German unification. The word chance as referred to here does not mean mere "accident." "An expected thing" could happen at an unexpected time. I am confident that "the momentum for unification" will come by chance. It was the case with the unification of Germany, the unification of Vietnam, and the unification of Yemen. That is why we must prepare for unification in a comprehensive manner.

Kim Tae-chung: To that end, our government should approach North Korea with confidence. We should ease various restrictions. Practically, we can find no South Korean who wants to live in North Korea or has a yearning for the North Korean socialist system.

Pak Song-cho: Some people say that North Korea has given nothing in return for the recent flexible attitude of our government.

But the flexible approach being made by the new civilian government will be very helpful in providing momentum for unification. We must try above all to create many opportunities to contact North Koreans. The government should provide a framework for facilitating these opportunities and let our civilians and private organizations—social, religious, cultural, academic, economic, and athletic—freely contact North Korean counterparts within that frame work.

The government should also induce overseas Koreans to contact North Koreans. In addition, it should plan and implement many joint events participated in by third-country organizations as well as South and North Korean organizations. Certain third-country organizations have expressed their readiness to provide financial assistance for these events. Most importantly, we should get rid of this mentality: "we tried once but failed, and that is enough."

The channels of cooperation between North Korea and the East European countries have virtually shut off, except for the channels through China, Japan, and the United States. EC countries, particularly Germany, have a major role to play in this connection. In fact, North Korea is stepping up efforts to cooperate with Germany than with any other EC country. The cars Kim Il-song and other high-ranking officials are riding are "Mercedes Benz"; mechanics are Germans, the new communications facilities are the products of Siemens of Germany; and the activities of the former East German "peace corps" in North Korea have been taken over by the unified Germany.

In my opinion, all these efforts should be aimed at accelerating "the process of North Korea's atrophy," not at "phased unification" you advocate. The goal should be "the atrophy of the North Korean Establishment and power elite, not the total ruin of the North Korean people."

In the same vein, I believe that the doctrine of phased unification as conceived by you and our government may be used as an open card in drawing North Korea to the conference table but cannot be our unification policy.

Kim Tae-chung: There will be many after-effects if we unify our country suddenly in the German style. That is why we cannot achieve unification by absorption in the German style. We must make steady, step-by-step, sound preparations.

Pak Song-cho: The following factors made German unification possible: First, East Germany had material benefits in mind in seeking unification, that is, it wanted to quickly attain a standard of living comparable to that in West Germany. The West German government and politicians promised to do that. Second, German unification was a political, legal, and institutional unification through and through. This is to say that it was not an economic, social, cultural, and particularly spiritual, unification.

What you perceive is also a political, legal, and institutional unification. The present symptoms of "after-effects of unification" stem from a lack of economic, social, cultural, and psychological unification.

Why should we try to achieve the German style material unification when North Koreans think South Korea is "poor"? They have no accurate knowledge of our standard of living. That is why we are not saddled with the burden of having to give material wealth to North Korea. Fundamentally, unification itself has something to do with the "degree of poverty" of the other party.

Let me repeat this: Unification is possible even under a low material and economic standard. That was the case with Vietnam and Yemen. The idea of unifying the country after we have attained a high economic standard like that of Germany is predicated upon the assumption that "we have to feed, clothe, and shelter North Koreans." The proposition that "when we are united, we can be better off" should be the first and foremost theme for making preparations for unification.

Basically, we can achieve unification "at any time" and should unify the country at the first opportunity that arises. Our top research institutes and researchers claim that "we are not yet prepared to achieve unification" while talking about "the cost of unification." Why should they treat a variable as an accomplished fact? In essence, we must achieve unification at our own level.

Kim Tae-chung: The groundwork for unification as you perceive means promoting phased reconciliation through economic cooperation, and primarily making material preparations. Let me add that its premise is the desire to achieve unification.

Pak Song-cho: I agree in principle. Clearly, there are certain elements that necessitate material preparations—preparations through economic cooperation at an entrepreneurial level in particular.

First, even if we want to make economic cooperation, we know very little about the condition of North Korean factories, their production system, the level of skills of factory workers, their desire to work, social welfare facilities, and the level of their infrastructures. We do not know what the "Kimchaek factory" is like and what the substance and level of the curricula in the Kim Il-song University are.

What was the most surprising thing they found after Germany was unified was the fact that West Germany knew very little about East Germany. That ignorance has entailed great difficulties in privatizing the old East German economic system, particularly, factories, and integrating its production system into the market economy.

Second, when the Berlin Wall came down, people of East and West Germany shouted, "Hurrah!" embracing each other although they were strangers. But the "joy" soon turned into "disappointment." When the economic burden incident to unification fell on their shoulders, the Germans came to realize the hollowness of their "joy." The government was unable to convince the West Germans of the reasons why they should make material sacrifices to achieve unification.

The nationwide efforts to create a "unification fund" you advocate should begin as soon as possible. But we have to ask ourselves coolly whether our people are psychologically ready to make such efforts. The "shared burden" of reform as called for by the government is a good expression full of hidden meaning. The urgent thing our government should do is to devise ways to turn the "joy" that will come one day into a "shared burden."

Among the public pledges the new president made following the formation of the new government, the "realization of unification" has the first priority. If so, what kind of blueprint for unification does the new government have? In my opinion, our government should change its stance toward the unification issue so that it may not permit the North Korean dictatorship to use the "single-nation" philosophy, which is behind the unification policy of the South, in its attempt to "maintain its ruling power."

The subjective approach based on the premise that we are of a single nation is fraught with many irrationalities. As indicated by the process of unification in Germany, any approach to unification should have many intrinsic rationalities.

That is because we should know that North Korea is completely different from South Korea, despite "the same blood," "the same language," "the same history," and "the same look" of the North and South Koreans. We must make it the basic premise of our unification policy that the communist type of people, particularly the North Koreans—who have been under the most ruthless dictatorship in the world for these 50 years—are totally different from us South Koreans.

I am in full agreement with Mr. Kim Tae-chung's view that "the racial homogeneity of North and South Korea is a necessary condition but not a sufficient condition for unification. The fact we should know is that as indicated by the German experience, the "North Koreans" who have been under the Kim Il-song regime are fundamentally different from the "South Koreans." We should delve into this difference and study ways to restore the real "homogeneity" of our nation.

The process of German unification very clearly indicates that there is the only one choice in selecting a political form in achieving unification. The choice is democracy—the principle that "the voice of the people is the voice of Heaven." I believe that the further civilian democracy progresses, the closer the goal of unification.

North Korea has come to face a civilian democracy in South Korea for the first time. In the past North Korea dealt with the South Korean military dictatorships which had no legitimacy, and probably it might have found it comparatively easy to deal with them in political game and negotiations and in pursuit of its strategy. This is because there was no conflict between the dictatorships in the North and South. But now that in South Korea a civilian government is pursuing its unification policy with firm justification and legitimacy while striving to build a new Korea, North Korea has no choice but to change its strategy toward South Korea.

However, the greatest impact on North Korea's strategy toward South Korea will come from the active democratization of South Korea. In view of the German experience in unification, I believe that the South Korean government's unification policy will bear fruit in the not too distant future.

* New Management Style for Conglomerates

942C0025A Seoul HANGUK KYONGJE SINMUN in Korean 8 Oct 93 p 16

[By reporter Kim Chong-ho]

[Text] Conglomerate management style is changing in the wake of the implementation of the real name financial system [RNFS].

The new system strongly requires transparency of business, as it can now be seen at a glance from where and to where the money is flowing. Businesses are working hard to change and adapt to this.

With great changes caused by the RNFS in the management conditions of cooperative enterprises and in sales, etc., concrete plans are being prepared for cooperative-business support, sales-network reorganization, etc.

Of these, plans to support cooperative enterprises have seen the most rapid progress. Judging sales outlets and cooperative enterprises, most of the medium or small size to be hardest hit by the implementation of the RNFS, Hyundai, Samsung, Lucky Goldstar, Daewoo and other conglomerates began expanding their funding support. They started expanding the scale of guaranteed payment. Furthermore, a considerable number of conglomerates even gave special support to these cooperative enterprises to alleviate temporary financial difficulties last Chusok [Harvest Moon festival of August 15th on the Lunar Calendar].

Of the conglomerates, the Hyundai Group was the first to create a support plan for cooperative enterprises, such as greatly reducing the delivery-cost settlement period from 60 days to 30. Again, it supplied nearly 100 billion won in unpaid funding support for the group's cooperative enterprises; this has already produced considerable results.

As for the Samsung Group, grading cooperative enterprises by their credit rating, Samsung Products Company provided a total of 20 billion won in funding for cooperative enterprises showing $500 thousand or more in annual exports. Extending the payment period on goods delivered for outlets, Samsung Electronics is relieving their temporary financial crisis.

Strictly maintaining its subcontract-payment period at 60 days, the Lucky Goldstar Group is revitalizing its prepayment system and is gradually increasing the number of payments for delivered goods from twice a month to three or four. It also expanded the scale of its support for small and medium-sized businesses this year to 100 billion won, five times that of last year.

Implementing the early payment of a total of 300 billion won in support funds, such as the 75 billion won for equipment operation provided for during the first half of the year, the Daewoo Group is actively pursuing joint-devolpment projects with over 100 cooperative enterprises on over 200 items.

Apart from these, Sunkyong, Hanhwa, Sangyong, Kia and Hanjin are raising the ratio of cash payment for goods delivered and shrinking the payment period.

Viewing the implementation of the RNFS as a good opportunity to improve the negative business practices occurring between some corporations and cooperative enterprises, conglomerates in particular are beginning joint development of new products and technology. Their business relationship with subcontractors now transparent, conglomerates are going one step further, attempting to raise the competitiveness of their products by emphasizing competition between subcontractors.

As undocumented transactions become impossible with the implementation of the RNFS, the reorganization of business networks by conglomerates is an opportunity for the establishment of a new business practice, the self-control of reckless, numerical-superiority-based aggression.

Internal change is also significant. Unlike in the past, papers recently submitted by businesses are rationally composed, said one source in the Ministry of Trade and Industrial Resources. This is in keeping with business' own realization that they can no longer gain authorization or licensing by expedient methods.

However, it is as yet difficult to discover any real change in business accounting methods, which had been expected to show the greatest change with the implementation of the RNFS. This is because standard practices are not changed by the system in a day.

Of course, although most businesses are attempting to change to the "transparent management" appropriate for a RNFS era, the disposal of secret funds is still not complete and there has been no fundamental change in accounting methods.

This is because the circumstances are such that we still cannot say the need for secret funds has disappeared 100 percent. In particular, even though the need for secret funds in the exchange between business and government offices may be disappearing, that it is needed in transactions between companies cannot be ignored.

According to the analysis of Korean Chamber of Commerce and Industry Inquiry Director Choi Kyong-son, "As long as the need for secret funds remains, we'll only have a reduction in the scale of their use. Secret funds will remain even after the end of the RNFS transition period."

Although the government said that, in order to bring out in the open corporate secret funds, it would not bring up the past for companies filing a revised corporate tax return. In preparation against the RNFS most conglomerates have put their secret funds in accounts using the names of staff, intentionally not changing over to the RNFS, some believe. Registered long-term credit is just a hiding place for company owners' personal secret funds, not a place where corporate secret funds are going to be moved, some judge.

Thus, it is unlikely that accounting methods concerning secret funds, various costs, and expenditures will change in the short term.

This is only a short-term problem, however. It is clear that in the long term, the RNFS will greatly reduce the scale of and demand for secret funds. The same goes for temporary payments and loans. This is because the fact that the first action taken by the government, after the implementation of the RNFS was the personal-assets registration of government officials, suggests a great deal to business also. If future business competitiveness is decided by internal factors, such as technological development and cost reduction, the influence of external variables cannot but be greatly reduced.

Also, following the implementation of the RNFS, false diversification of company-owner stock has become impossible, providing an opportunity for accelerating the actual alleviation of the concentration of ownership. We can see this phenomenon in the adjustment to the RNFS of assumed-name and false-name stocks by major stockholders: First Precision Industries (Ltd.), Namyang (Ltd), Sinyong, Kyongju Bank, and Pomhan Precision Instruments .

Thus, as we approach the two-month mark since the implementation of the RNFS, the mood is that a considerable number of businesses which have been experiencing external change will now be engrossed in internal change.

Burma

Army Chief Invites Armed Groups for Talks

BK2711053393 Rangoon Burma Television Network in Burmese 1330 GMT 26 Nov 93

[Excerpts] Lieutenant General Maung Aye, deputy commander in chief of the Defense Services and commander in chief of the Army, accompanied by Lt. Gen. Tin U, secretary-2 of the State Law and Order Restoration Council [SLORC]; Lt. Gen. Myint Aung, minister of agriculture; Lt. Gen. Tun Kyi, minister of trade; Lt. Gen. Myo Nyunt, minister of religious affairs; U Khin Maung Yin, minister of construction; Major General Min Thein, quarter master general; and Maj. Gen. Tin Ngwe, chief of staff, Air; left Yangon [Rangoon] by military plane and arrived in Tachilek at 0900. [passage omitted on welcoming ceremony]

Next, the deputy commander in chief of the Defense Services, the secretary-2, and the ministers met with state, district, and township personnel at the military guest house in Tachilek. Speaking at the meeting, Lt. Gen. Maung Aye, said the trip is being made to meet the need for more development in Tachilek, a border town, and its surrounding areas.

He said since the SLORC assumed state responsibilities, it has worked on all fronts to bring about development, peace, and tranquility in a short period. He said the SLORC is implementing the projects of the past 30 years in a short period of three to four years. He noted Tachilek has changed a lot over the past five years and that the town has developed a lot. He said it should be noted that such development has been made possible by local peace and tranquility.

Lt. Gen. Maung Aye noted that development is very fast in all countries where there is no internal insurgency as they can implement regional development, construction, and economic projects in any area, any time. He said efforts are being made in the country to lessen the gap in development between the urban and rural areas as well as in border regions. He noted that in areas where peace prevails, regional development schemes are being implemented. He said we are inviting remaining armed organizations in the jungle with good will and good intentions in order to obtain peace throughout the country and to carry out regional development schemes nationwide.

Lt. Gen. Maung Aye said that we are inviting the armed organizations in the jungle with goodwill and good intention; however, it should be clearly understood that the SLORC—the Defense Services—is inviting the armed organizations to hold talks not because it is facing any crisis. He said the SLORC does not face any political, economic, or military crises. He said success is being achieved in the year 1992-93, which has been earmarked as the year of the economy, to stress economic development. Furthermore, he said efforts are being made for emergence of a firm constitution, which is crucial for the entire national people.

Lt. Gen. Maung Aye said that since stability and progress are being achieved on all fronts, it is an appropriate time for the remaining groups of armed organizations in the jungle to cooperate with us. He added that the location of our country is very suitable to trade with the neighboring countries. The town of Tachilek, which is connected to the two neighboring countries, is most appropriate for trade. He said Tachilek should strive for long-term exhibition and sale of goods after hosting the forthcoming Myanmar [Burma] Trade Fair.

Lt. Gen. Maung Aye said at the time of change of system and era, efforts should be made with genuine goodwill and courage to implement regional development schemes which would contribute to national development.

Next, Minister Lt. Gen. Myint Aung, spoke on the systematic utilization of land, various methods to get water, use of mechanical power, and dissemination of agricultural technology among the people.

Minister Lt. Gen. Tun Kyi spoke on trade and need for assistance for further development of private sector.

Minister Lt. Gen. Myo Nyunt spoke on Buddhist missionary work being carried out in order to preserve race, language, and religion.

Ministers U Khin Maung Yin and U Khin Maung Thein spoke on smooth and secure transportation and communication, plans to extend electric power supplies, and the status of test oil wells off the Martaban and Tenasserim coasts.

Secretary-2 Lt. Gen. Tin U then spoke on the need to change methods of operation to suit the changing era and system. He called for cooperation as development work can be stepped up only when peace and tranquility prevail in the country.

Next, matters related to regional development were discussed and Lt. Gen. Maung Aye and responsible officials coordinated and discussed the matters raised. [passage omitted on preparation for trade fair and visit to local monastery]

Lt. Gen. Maung Aye, deputy commander in chief of the Defense Services and commander in chief of the Army; Lt. Gen. Tin U, secretary-2; and the ministers left Tachilek in a military plane and arrived back in Yangon at 1745.

Rebels Reportedly Seek Consensus on Overtures

BK2711081493 London BBC in Burmese to Burma 1345 GMT 26 Nov 93

[Larry Jagen report from the "Current International Affairs" program]

[Text] Lieutenant General Khin Nyunt, chief of Burma's military intelligence, has called on the armed insurgent organizations to lay down their arms for the sake of national reconciliation and regional developemnt and to work hand in hand with the government. He described Burma's desire for peace, democracy, and national solidarity and called on the indigenous armed organizations to lay down their arms and work hand in hand with the government in order to achieve these objectives.

He said Burma is like a big united family in which brothers, sisters, daughters, sons, and children live in unity and love. He said that the future state of Burma should take such a form. He said the government is not offering peace talks because the government is under political and economic pressure, but rather the offer is being made with genuine conviction and in good faith. He described the offer as official and called on the indigenous armed organizations to respond soon. It was learned that Lt. Gen. Khin Nyunt's speech was made during his visit to Mon State yesterday.

Observers believe Lt. Gen. Khin Nyunt's reiteration of his offer to indigenous armed organizations to hold talks with the government is significant. This new offer from Lt. Gen. Khin Nyunt comes one week after he made his first offer to armed opposition in Kayah State. According to residents in Rangoon, Lt. Gen. Khin Nyunt is making use of his trips to the Kayah State and now the Kayah State in appealing to the indigenous racial groups. He is also likely to make the offer soon from the region of the Karen nationals. Although the Burmese Government has offered to hold general talks, Lt. Gen. Khin Nyunt's speeches implied that the government may be prepared to discuss a federal system if the indigenous organizations participate in the talks.

Another point is that the government no longer uses the term "insurgent" but instead uses the term "armed opposition groups" and this can be viewed as a significant shift in policy. Rangoon residents believe that the authorities are likely to be concerned that opposition and international organizations may not take the offer seriously. The Burmese Government authorities unofficially say that a condition should be set to provide security for insurgents coming to talks. However, the leaders of insurgent groups who had held failed cease-fire and peace talks with previous military governments have doubts about the current offer.

Rangoon appears to be concerned about how the indigenous groups would respond to its publicly announced peace offer. There is a sign that the unofficial cease-fire obtained with the Kachins, who had held peace talks with the government, is likely to extend to the entire country. However, major indigenous groups are still refusing to participate in peace talks if they are not held outside Burma in the presence of independent observers.

According to top opposition sources, such demands can be negotiated. Leaders of the indigenous groups are scheduled to hold a meeting at Manerplaw headquarters. The meeting will discuss matters including peace talks and the future of the KIO [Kachin Independence Organization]. The Democratic Alliance of Burma, DAB, and NDF and the National Democratic Front had suspended KIO membership since a month ago for holding peace talks with the government.

Organizations in the DAB include the NDF, indigenous organizations, and opposition groups which had fled to the border with Thailand. In previous months, the Burmese Government has established contact with indigenous organizations separately through a third party. Although the Mon group agreed in principle to hold peace talks with the Rangoon Government, it appears to be waiting to see the reaction from other indigenous groups to the latest offer made by Lt. Gen. Khin Nyunt. A leading Karen officer said that the government's offer should be taken seriously, but indigenous groups would not make a hasty decision.

According to Kachin sources at a border area, if the indigenous groups have a chance to work jointly for peace talks, the KIA [Kachin Independence Army] is prepared to suspend talks with Rangoon. Although the KIA has not held more talks with the government since its last round of talks, a liaison officer for contact with the Burmese Government remains in Myitkyina. Although there are prospects of the Burmese Government being prepared to hold joint talks, if necessary, with the representatives of four major indigenous groups, the DAB will not hold talks. If the government agrees to hold joint peace with all indigenous groups, however, the NDF is certain to participate in the peace talks.

Mon Spokesman Reaffirms Policy on Peace Talks

BK2711030193 Bangkok BANGKOK POST in English 27 Nov 93 p 10

[Text] One of the last ethnic minority guerrilla armies fighting Rangoon for greater autonomy reiterated yesterday that it would not unilaterally open peace talks with the Burmese regime. An official from the ethnic Mon rebel army said the group would only consider multilateral peace talks involving all factions opposed to the military government in Rangoon.

"We are not going to do anything alone. We will only make peace talks with the other members of the DAB," the Mon guerrilla official said referring to the Democratic Alliance of Burma (DAB) opposition umbrella organisation. The official denied press reports here yesterday which said the Mon rebel group had decided at a meeting last month to open unilateral peace talks with the junta.

The DAB, which includes ethnic minority rebel groups fighting for greater autonomy and pro-democracy political groups from the majority Burman community, has said any peace talks must involve all groups opposed to the junta.

The DAB has also set several conditions for peace talks, among them the release of all political prisoners including the main pro-democracy leader and Nobel Peace Prize winner Aung San Suu Kyi. But the junta, in what western diplomats in Rangoon describe as classic divide and rule tactics has made successful unilateral approaches, and struck ceasefire deals with several guerrilla groups.

Burma's most powerful rebel group, from northern Burma's Kachin minority, has been involved in unilateral talks with Rangoon since the beginning of the year.

Brunei, Malaysia & Singapore

Malaysia

Mahathir: AFTA Should Be Confined to ASEAN

BK2711142593 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 27 Nov 93

[Text] The Look East Policy will continue as long as it benefits the nation. Datuk Sri Dr. Mahathir said the policy launched in 1982 will continue to be the government's policy. He was answering questions from reporters after witnessing the signing of an agreement on a national commercial car project in Kuala Lumpur. The project is a joint venture between a South Korean company and a local partner.

The prime minister urged more South Korean businessmen to invest in Malaysia, especially in industries producing high-technology goods. South Korean investment in Malaysia is rather small compared to Japanese, British, and Taiwanese investment. Earlier, Mahathir expressed his disappointment over the fact that some South Korean investors, whom the Malaysian Government had assisted in securing projects here, left the country before completing their tasks.

Meanwhile, Datuk Sri Dr. Mahathir said the ASEAN Free Trade Area or AFTA should be confined to ASEAN members and should not be opened to countries outside the group. Thus, those wishing to join AFTA should first become ASEAN members. The prime minister was commenting on a proposal by Thai Deputy Prime Minister Dr. Suphachai that Australia should consider joining AFTA and the East Asian Economic Caucus.

Ruling Party's Past, Present Policies Viewed

BK2911044793 Singapore BUSINESS TIMES in English 27-28 Nov 93 p III

[Article from the "Trends" supplement by Professor Shamsul A.B., lecturer on politics and culture at the Malaysian National University]

[Text] After more than 40 years, the body politic of UMNO (the Malays National Organisation) has not changed very much. This is despite major changes made to its constitution after its dramatic deregistration and equally dramatic reregistration in 1988.

The changes seemed to have little effect on the technique and style of politicking within UMNO. Poison-pen letters, gossip, and rumour-mongering remain the staple weapons in UMNO's intra-faction battle for supremacy. To UMNO's national leaders, these are "weapons of the meek," and to grassroot supporters they are "weapons of the weak."

The availability of personal computers and photocopying and facsimile machines only improves the presentation of the "weapons," and their circulation, but not their content. "It's rather boring sometimes," said a 70-year-old UMNO member who was present when the party was founded in 1946.

Even UMNO's president, Dr. Mahathir Mohamed, finds the whole thing rather tiresome. He must be wondering why his grand "Vision 2020" appears to have had little impact on the realpolitik within his own party.

While UMNO's style of political infighting has changed little in the past four decades, the basis of its internal struggle has definitely undergone significant changes. This has become particularly obvious after the introduction of the New Economic Policy (NEP) in 1971.

Before independence (1957), UMNO was a relatively united party for the simple reason that its main struggle and ultimate mission was very clear, that is, to fight for independence. But UMNO's post-independence struggle and mission was to achieve "development" for the Malays. The target was clear enough, but it also proved to be a highly divisive one.

As in most post-colonial societies, the struggle for "development" did not foster unity or progress for everybody. On the contrary, it has been the source of disunity, endless conflicts, and even civil wars.

This is also what characterises post-independence UMNO, a party struggling to find unity within a wider struggle to bring about economic development to the rural Malays who form the bulk of its loyal supporters.

When the UMNO-controlled government launched a massive nationwide rural development programme in 1959, the impact on UMNO's internal politics was not unexpected. Patronage politics emerged and dominated the "everyday politics" within the party, especially at the grass roots, namely at the branch and division levels. Loyalty was sought and bought by "development projects."

UMNO's politics of paip air dan api (piped-water and electricity) of the 1950s was replaced in the 1960s by the "politics of development projects" (for example, mosques, bridges, roads, community halls, and so forth.). Those who controlled the distribution of these projects ruled supreme at the grassroots. As a consequence, tension began to develop between two increasingly discernible factions: the "independence fighters" faction (led by Tunku Abdul Rahman) and the "development-oriented reformists" faction (led by Tun Abdul Razak).

At the height of the conflict between these two camps, two prominent members of the "reformist faction" were expelled from the party, namely Dr. Mahathir Mohamed and Musa Hitam (both became prime minister and deputy prime minister of Malaysia respectively in the early 1980s). This occurred in the wake of the tragic 1969 racial riots. However, from 1971, especially after the introduction of the New Economic Policy (NEP), the "reformist faction" successfully established itself as the dominant group within UMNO. Technocrats, entrepreneurs, the educated, and bureaucrats took over the running of UMNO at the national and grass-roots levels from the peasants and school teachers. The rapid, if not phenomenal, expansion of the Malay middle class, a direct result of the implementation of the NEP, helped to transform further the membership composition of UMNO and consolidated the position of the reformist faction.

The battle for UMNO leadership became more intense, vicious, and somewhat violent. A number of prominent leaders were dragged to court and convicted for corruption and misappropriating party funds.

So, within less than a decade the materialist base of UMNO politics went through another transformation from that dictated by the "politics of development projects" to that of "money politics." Loyalty and support were solicited not by "development projects" anymore but by lucrative tenders, scholarships to study abroad, timber concessions, and shares of companies listed on the stock market.

The 1980s saw a worsening of UMNO conflicts, particularly at the top. The contest for the post of UMNO deputy president between Musa Hitam and Tengku Razaleigh in 1981 and 1984 was the curtain raiser for the "mother of all battles" in UMNO in April 1987 when UMNO members were forced to make a choice in the party elections at the Annual General Assembly between two credible alternative teams of leaders—one led by Mahathir and Ghafar, called Team A, and the other by Razaleigh and Musa, called Team B. UMNO split right down the middle.

The Mahathir-Ghafar team emerged victorious with a very narrow margin of less than 50 votes. The losers took the battle to court. They won and lost at the same time. They won because the court declared that for technical reasons the UMNO party election was illegal. They lost because the court also declared that UMNO was an illegal organisation and had to be deregistered immediately. So, it was.

Observers often remark that "when UMNO sneezes, the whole country catches a cold." But the unsaid, nagging fear on every Malaysians' mind has always been "what would have happened to the country if UMNO were to freeze"? It did in February 1988. However, through one of the most astute political manoeuverings ever seen in Malaysian politics, Dr. Mahathir managed not only to remain as prime minister without legally belonging to a political party but also to resurrect UMNO almost overnight to its original form and effectively "politically cleanse" the "new UMNO" of most of the Team B supporters.

Led by Tengku Razaleigh, a group of Team B members set up a new party called Semangat 46 (Spirit of 46), claiming that, unlike Mahathir's "new UMNO," their new party represented the "true, original, and real spirit" of UMNO as it was formed in 1946. However, the party failed to make its mark nationwide although it won some regional support. Together with Partai Islam [Pan-Malaysian Islamic Party], it now rules the state of Kelantan. In the 1990's, the basis of UMNO's politics was to change. Some of the technocrats, bureaucrats, and entrepreneurs from the "reformist faction" failed to perform despite the NEP. But a number of them have become very successful corporate players controlling multimillion dollar business enterprises with domestic and foreign-based business interests.

The stakes, therefore, became much higher than ever before. Thus the battle for top positions in UMNO became incredibly intense and "expensive." It has almost become like a corporate game. And many UMNO national leaders talk with great pride and seriousness that "UMNO politics has really moved with the times; it is modern, sophisticated, and elegant".

The contest for the three vice presidential posts in the 1990 Annual General Assembly was essentially a struggle between three factions—the golongan pelapis (second-echelon leaders) represented by Anwar Ibrahim, the "old UMNO" group by Abdullah Badawi, and the grass root-based section of the "reformist faction" led by Sanusi Junid.

Despite the fact that the three personalities hailed from the northern states of the peninsula, they were nonetheless voted in as vice presidents. It was quite clear that the traditional "state of origin" factor whether one is from Kedah or Johor, was no longer crucial in the election. The "factional factor" was decisive.

By November 1992, there was a strong indication that the "Anwar faction" was the one that the rest of UMNO national and grass-root leaders irrespective of factions was worried about. A series of exposes, poison-pen letters, and pamphlets directed at the "Anwar faction" appeared in the hundreds distributed all over the country. Who was behind it? Nobody knew.

However, when Anwar finally decided to contest the UMNO deputy president post in the recent party elections, the factional line was finally drawn. It was between Anwar Ibrahim and Ghafar Baba the incumbent. So strong was Anwar's faction that even Mahathir's request for "no contest" for the deputy president post went unheeded.

When Anwar managed to gather all the chief ministers and other top national UMNO politicians to be present at the press conference when he made his announcement that he was ready to contest UMNO's no. 2 post, it was understandable that most observers immediately declared Anwar the winner. Nominations poured in from UMNO divisions all over the country.

There was a general sigh of relief when Ghafar gracefully withdrew in October, first by resigning from his post as deputy prime minister, then from the UMNO election itself, later as UMNO deputy party president, and finally as the secretary general of the National Front coalition. To avoid splitting the party further and in true "kampung [village] spirit," he was even away in Jakarta when the elections took place.

Once Anwar had secured the deputy president post, the focus swung to the contest for the vice president positions. Anwar's team, by then known as pasukan wawasan ("the vision team" in reference to Mahathir's Vision 2020), concentrated all their campaigning efforts to ensure the success of its candidates, namely Najib Tun Razak, Muhammad Taib, and Muhyiddin Yasin.

Many observers were confident that at least one of the incumbents, Abdullah Badawi or Sanusi Junid, would retain their post. But the observation was based mainly on the expected support the incumbents would receive from UMNO delegates within the peninsula without considering the 200-odd votes from Sabah. In fact, it was the Sabah votes which delivered victory to the three candidates from Anwar's faction.

The question which remains unanswered is: "Why is Anwar so strong and successful?" Some suggest that Anwar has a master plan and a powerful and well-funded political machine. To some extent, this is true. But one has to look more closely at what is going on within the Anwar faction and especially the results of the vice presidential election.

Najib Tun Razak, who received the most nominations, could only manage to come second in terms of votes received in the contest. Muhyiddin Yassin managed to do better despite receiving fewer nominations compared with Naiib.

Many UMNO supporters have now come to realise that the Anwar group is not really as united as prior to Ghafar's withdrawal. The group, which was solidly united by the perception and belief that they were "the rightful next generation leaders of Malaysia," appears to have begun to split into two major groups.

The first of the two groups is the "political" group centred around the Islamic-based ABIM (Angkatan Belia Islam Malaysia) [Malaysian Islamic Youth Movement] whose members have occupied strategic political and administrative positions within UMNO and the government bureaucracy. ABIM remains Anwar's most trusted "think tank". With the support of local and international "Islamic minds," some of its members have claimed that ABIM has been most influential in drawing up Anwar's long-term political master plan.

The other equally important group is "the economic camp," which is a loosely organised group of young Malay corporate entrepreneurs. Many individuals from this group may not be actively taking part in UMNO politics as party members but they do have considerable "persuasive economic clout" to reshape political alignments within UMNO at the national and grassroot levels.

These recent developments within the Anwar group indicate that it is not necessarily united. By the next cabinet reshuffle expected in January 1994, the picture should be clearer.

Is Anwar's victory a victory for UMNO? This is currently the popular question being asked among observers and analysts in Kuala Lumpur. The answer is yes and no.

Yes, because UMNO will have its rightful new leaders to take it into the next century. No, because there seem to be some signs that UMNO could face another split in the future. This time, it could be between "Islamic" and "economic" elements.

In 1946 when UMNO was formed, the split between the "Islamic" and the "nationalist political" elements led to the breakaway of the former from UMNO and the eventual founding of Partai Islam. But the present "Islamic" element has economic clout and international support. The "economic" element is simply incredibly rich and globally-linked.

Imagine if these two sides should have a falling out before the year 2020. Who will win? Only time will tell.

Cambodia

Ranariddh Said To Support Sihanouk's Offer

BK3011062193 Phnom Penh AKP in French 0410 GMT 30 Nov 93

[Text] Phnom Penh 30 Nov (AKP)—The personal secretariat of Prince Krompreah Norodom Ranariddh denied the report of the news agency REUTER, quoted by the [Thai] newspaper THE NATION on 25 November, which claimed that the Cambodian prime minister had rejected the offer of portfolios in the royal government to the Khmer Rouge made by his father His Majesty King Norodom Sihanouk.

In a statement issued in Phnom Penh, Prince Ranariddh's personal secretariat stressed that during the ceremony at the Dei Et integration center, the prince had voiced full support for his majesty the king's directive and offer and had pledged to use them as a basis in the peaceful settlement of the Khmer Rouge problem in order to bring peace back to the Cambodian people as soon as possible.

The prince krompreah, stresses the statement, added that if the Khmer Rouge accepted the three conditions set by his majesty the king, the royal government would hold talks with them and would give them the posts of under secretaries of state and advisers.

The prince said that the Constitution did not allow any person who does not belong to the parties represented in the National Assembly to become a government member. He, however, did not reject nor oppose the proposal of King Norodom Sihanouk Varaman, the statement specifies.

Hun Sen Presides Over Army Gathering 25 Nov

BK2611104193 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 0430 GMT 26 Nov 93

[Text] His Excellency [H.E.] Hun Sen, second prime minister and co-commander in chief of the Khmer Royal Armed Forces [KRAF], presided over a get-together held by the KRAF's joint command and senior officers at the Defense Ministry on the afternoon of 25 November. Attending the meeting were Samdech Chakkrei Nhoek Chulong, senior adviser of the KRAF; H.E. Sar Kheng, deputy prime minister and minister of interior; H.E. General Tie Banh, minister of national defense; H.E. Gen. Tea Chamrat, minister of national defense; H.E. Gen. Ke Kimyan, chief of the KRAF General Staff; H.E. Gen. Nhoek Bunthai, deputy chief of the KRAF General Staff; and H.E. Ek Sereivoat, state secretary for national defense. Also present at the gathering as honorary guests were a number of state ministers and state secretaries, representatives of relevant institutions, heads of provinces and cities across the country, and commanders from all departments of the Defense Ministry, military regions, and operational zones throughout the country.

After a report presented by H.E. Gen. Tie Banh, H.E. Hun Sen, on behalf of the KRAF joint command and First Prime Minister Prince Krompreah Norodom Ranariddh, highly valued the spirit of internal solidarity and unity of the KRAF, which have patiently strived to overcome all situations to defend the nation and motherland. Also, the KRAF remain always loyal to the nation, motherland, and people, and they have unswervingly followed the august leadership of His Majesty King Norodom Sihanouk Varaman to achieve national reconciliation and unification and defend peace, territorial integrity, and national independence of the country, making it prosperous and glorious in the future.

H.E. Hun Sen also emphasized that the implementation of the Paris peace accord has improved and normalized the situation in the country so far, saying this is different from the situation in some countries around the world, such as Somalia, Angola, Yugoslavia, and Afghanistan where the United Nations is carrying out its task in a very difficult situation.

Commenting on the Khmer Rouge problem, H.E. Hun Sen recalled the national reconciliation policy implemented by the Royal Government of Cambodia within the framework of the nation's new Constitution.

Before concluding, the second prime minister urged all junior and senior officers to enhance their spirit of internal solidarity and unity; remain always loyal to the nation, religion, and king; be ready to make sacrifices to the nation, motherland, and people; and defend national independence with dignity. This is to speedily restore and rebuild the country toward prosperity as in the Sangkum Reas Niyum era.

Government Tells Private Armies To Surrender

BK2911122693 Hong Kong AFP in English 1043 GMT 29 Nov 93

[by Sheri Prasso]

[Text] PHNOM PENH, Nov 29 (AFP)—Another 270 Khmer Rouge guerrillas defected to the government over the weekend, bringing the total to more than 3,000 in three months, a senior government official said Monday. The surrender accompanied a conciliatory gesture by the guerrilla leaders, who said Sunday that they wanted to talk to the Cambodian government about what they called the "fine initiative" by King Norodom Sihanouk to swap the guerrillas' zones of control for ministerial posts.

Khmer Rouge nominal leader Khieu Samphan flew to Beijing on Sunday and met with the king Monday, and Cambodian Prime Minister Prince Norodom Ranariddh was scheduled to follow on Wednesday, Cambodian officials said. Some 200 guerrillas surrendered in eastern Kompong Cham province, the most populated in Cambodia, and another 70 gave themselves up in southeast Kampot on Friday and Saturday, deputy defense minister Ek Sereivoat said.

The government's offer of amnesty to the Khmer Rouge, first made in August and repeated again last week "is starting to have a good effect," Ek Sereivoat said. Both provinces are relatively calm and are at the end points of Khmer Rouge supply lines which come from the west. The ranks and division numbers of the soldiers were not given.

"They want to stop what they are doing, living in the jungle with no electricity and with heavy malaria," Ek Sereivoat said. "Our policy is to make the Khmer Rouge believe we are a stable government, the royal government, with the support of the people."

The government has offered to integrate Khmer Rouge defectors into the royal army and give them promotions. The total number of defectors since the first amnesty offer was made exceeds 3,000 and includes divisions in the northwest and central Cambodian provinces, Ek Sereivoat said. More defections are expected soon in southern Kompong Speu province, where Khmer Rouge officials have indicated their intentions and are working on the logistics of their surrender, he said.

Meanwhile, the Cambodian government will require members of other armed forces not part of royal army to surrender or face unspecified "action against them."

A number of "warlords" control private armies in Cambodia, some of whom allied themselves during the 1979-1991 civil but ran as independent parties during the U.N.-organized elections, such as the Liberal Democratic Party (LDP) and the Molinaka Freedom Party. Minutes of last week's cabinet meeting show the government has singled out the several thousand men loyal to the Molinaka party who are living in Kompong Cham province. Their candidate, Prum Neakareach, won a seat in the National Assembly but was removed by the the United Nations for holding a rally while in military uniform.

"All soldiers loyal to Prum Neakareach must demobilize. If his soldiers still continue, we will take action," the Council of Ministers meeting concluded. "Any political parties who have illegal activities, we have to take action according to the military and criminal law."

The LDP forces of General Sak Sutsakhan are already being integrated into the royal government army.

Khieu Samphan Meets King Sihanouk in Beijing

BK3011062793 Phnom Penh AKP in French 0416 GMT 30 Nov 93

[Text] Phnom Penh 30 Nov (AKP)—Khmer Rouge leader Khieu Samphan on Monday, 29 November, met Cambodia's King Norodom Sihanouk, who is undergoing treatment for cancer in the Chinese capital, said an official of the Cambodian royal secretariat, quoted by AGENCE-FRANCE PRESSE. Mr. Samphan, who arrived in Beijing Sunday, will not be meeting the king again during his visit, said the secretariat member who declined to comment on the content of the talks between the two.

The meeting between the Khmer Rouge nominal leader and King Norodom Sihanouk, 71, who suffers from prostate cancer that has spread to the bone marrow, follows a proposal by the head of state to swap Khmer Rouge-controlled zones in Cambodia for ministerial posts.

On Sunday the Khmer Rouge offered to cease all their hostilities and abandon their zones of control in exchange for important posts in the government, apparently in response to the offer made by the king on 22 November, an offer which once again puts into question his decision to exclude this faction from the government.

Khmer Rouge Party Rejects Phnom Penh 'Threats'

BK3011031993 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 29 Nov 93

["Statement of the spokesman of the Party of Democratic Kampuchea rejecting charges and threats to close down the official office of the PDK in Phnom Penh" dated 29 November—read by announcer]

[Text] I. Tea Chamrat and Tie Banh made slanderous and irresponsible charges against the Party of Democratic Kampuchea [PDK] and threatened to close down the official office of the PDK in Phnom Penh on 26 November 1993.

II. The PDK spokesman categorically rejects these politically ill-intentioned charges and resolutely opposes all other intimidation and threats in whatsoever forms. These run totally against the spirit and contents of the Paris agreement, against the august advice of His Majesty King Norodom Sihanouk, and against the profound and fervent aspiration of our Cambodian nation and people.

These threats coincide with the second anniversary of the barbarious bloody attack on the PDK's office by Vietnamese communist forces and their allies in which Their Excellencies Khieu Samphan and Son Sen, members of the Supreme National Council [SNC] of Cambodia, were injured. The entire Cambodian nation and people and the world community strongly condemned this attack as a violation and encroachment upon the Paris agreement and an opposition to national reconciliation, national unity, and peace in Cambodia.

III. The reason for the PDK to set up and maintain its office in Phnom Penh is:

A. In response to the sacred and profound aspiration of our nation and people who want all national forces to unite and reconcile, thus bringing about national union and reunification of all national forces.

B. To jointly implement the spirit and content of the statement issued in Phatthaya on 24 June 1991 concerning the office of the SNC and of the 23 October 1991 Paris agreement that instructs all parties to have their offices in Phnom Penh so as to jointly work in the SNC—the legal organization and sole source of power in Cambodia.

C. Most importantly, it is in response to the profound and precious advice made by His Majesty King Norodom Sihanouk to His Excellency Khieu Samphan, head of the PDK, at the Royal Palace on 1 October 1993 saying: Your excellency should stay on at the present office so that we can stay together forever. Our nation must not disunite. We must remain in the great family of Cambodians. Although reconciliation has not yet been achieved, your excellency and the PDK should come often to Phnom Penh so there can be continuous talks and discussions. Your excellency should come and go regarding Phnom Penh the capital of the Kingdom of Cambodia. The king gives this place to your excellency and the PDK. For the PDK to have its official office in Phnom Penh is a matter of high and ample significance.

IV. The various charges against the PDK and the threats to close down its official office and expel all PDK members from Phnom Penh constitute not only an encroachment on the above advice of the king, but also a preparation to declare an open and all-out war against the PDK. This act runs totally against the king's successive statements and the profound aspiration of our nation and people both inside and outside the country, including the compatriots in Phnom Penh. They call on all Cambodian parties to fulfill their respective stance, reconcile, and settle national problems through peaceful means—meeting and holding discussions and work sessions—in line with his majesty the king's successive advice and proposals, particularly his latest initiative made on 21 November.

V. Our entire nation and people have clearly seen and understood the PDK's stance and persistent efforts aimed at achieving national reconciliation and unity by trying to avoid doing anything in whatever form that may affect and disrupt national reconciliation and reunification, which constitute the only heavenly medicine for curing the serious illness of our Cambodia.

As in the past, despite threats and intimidations through whatsoever forms and means, the PDK, with its spirit of lofty responsibility for the fate of the Cambodian nation, race, and people, has remained patient and firm and joined with our entire nation and people in supporting and abiding by the advice of His Majesty King Norodom Sihanouk and following in his footsteps in his capacity as the august leader who upholds national salvation banner and leads our Cambodian nation and people to achieve national reconciliation and unity and to reunify the entire national forces to solve the serious and crucial situation facing our nation, society, and Cambodians.

The only sentence that the Cambodian people utter everyday is that they want national reconciliation and do not want war.

[Dated] 29 November 1993
[Signed] The PDK spokesman

Laos

Thai Parliamentary Delegation on 3-Day Visit

Delegation Arrives 26 Nov

BK2711092593 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 27 Nov 93

[Text] In response to an invitation by Dr. Khamliang Phonsena, chief of the Foreign Affairs Commission of the Lao People's Democratic Republic [LPDR] National Assembly, a 25-member delegation of the Foreign Affairs Commission of the House of Representatives of the Kingdom of Thailand led by its chief Krasae Chanawong, arrived in the LPDR on the morning of 26 November for an official friendship visit. The Thai delegation was welcomed upon its arrival at the Tha Deua wharf by Viset Savengseuksa, deputy chief of the Foreign Affairs Commission of the National Assembly; Noubeng Chanthasak, deputy chief of the Secretariat Commission; Ms. Vongkham Southammavong, member of the Cultural and Social Commission; Nakkhala Mangnoni, chief of the Executive Office; Dr. Phailot Vongvilat, Foreign Affairs Commission adviser; and Thongda Souphasit, technician attached to the Foreign Affairs Commission and secretary of the National Assembly Committee.

After their arrival at the Lan Xang hotel in Vientiane at 1400, the Thai delegation held official talks with the Foreign Affairs Commission delegation of the LPDR National Assembly. The Lao delegation was headed by Dr. Khamliang Phonsena, chief of the National Assembly Foreign Affairs Commission, while the Thai side was headed by Krasae Chanawong, chief of the Foreign Affairs Commission of the House of Representatives. The talks proceeded in an atmosphere of mutual understanding, fraternity, and friendship.

Later, at 1530 and 1700, the Thai delegation respectively paid courtesy calls on Saman Vi-gnaket, chairman of the National Assembly, and Somsavat Lengsavat, LPDR foreign affairs minister. At 1900 of the same day, Dr. Khamliang Phonsena held a banquet in honor of Krasae Chanawong and his delegation at Lan Xang hotel. The banquet proceeded in an atmosphere of warmth.

Assembly Chairman Meets Delegation

BK2711100093 Vientiane KPL in English 0730 GMT 27 Nov 93

[Text] Vientiane, November 27 (KPL)—Mr. Saman Vi-Gnaaket, president of the National Assembly, yesterday, received here the visiting Thai parliamentary delegation led by the chairman of its International Relations Commission, Dr. Krasae Chanawong.

The Lao president of the National Assembly warmly welcomed the Thai delegation and referred to the visit as a factor for reinforcement of the ever expanding relations of friendship and good neighbours between the two countries.

In the afternoon of the same day, the International Relations Commissions of the two legislative bodies met. Leading the sides at the talks were Dr. Khamliang Phonsena and Dr. Krasae Chanawong, respectively head of the Lao and Thai international relations.

Among others, the parties informed each other of the situation in their respective countries. They noted that the Lao-Thai relations are developing satisfactorily corresponding to the aspiration of both people.

Apart from Vientiane, the Thai parliamentary delegation is scheduled to visit northern Luang Prabang Province. The visit will last three days.

Thai Delegation Attends Banquet

BK2811105593 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 27 Nov 93

[Excerpt] On the evening of 26 November, Dr. Khamliang Phonsena, head of the Foreign Affairs Commission of the Lao People's Democratic Republic [LPDR] National Assembly, held a banquet at the Lan Xang hotel in Vientiane in honor of Dr. Krasae Chanawong, head of the Foreign Affairs Commission of the House of Representatives of the Kingdom of Thailand, and his delegation. Attending the banquet on the Lao side were chiefs, deputy chiefs, and members of various National Assembly commissions, while the Thai side was represented by Dr. Krasae Chanawong and all the members of his delegation.

On this occasion, Dr. Khamliang Phonsena, head of the Foreign Affairs Commission of the LPDR National Assembly, delivered a speech. He said:

[Begin recording] In the meeting and talk with the Thai delegation to exchange experiences and discuss the general situation, I am very pleased to note that various views directly relate to the benefits and aspirations of the peoples residing on both sides of the Mekong river. I mean both the Lao and Thai peoples. The increasing promotion and expansion of friendly relations and cooperation between the governments and the peoples of Laos and Thailand and the enhancement of ties between the legislative institutes of the two countries are the earnest aspirations of the Lao and Thai peoples.

Ladies and gentlemen, the initial success of the LPDR in socioeconomic development cannot be separated from the international support and assistance of friendly countries and international organizations. On this glorious occasion, I thank the government and people of Thailand for their cooperation and assistance to the government and people of Laos. [applause] I am firmly convinced that this visit to Laos by the Thai parliamentary delegation will significantly contribute to promoting and enhancing Lao-Thai relations and to turn them into genuine ties of neighborliness and fraternity, in accordance with the earnest aspirations of the Lao and Thai peoples on both banks of the Mekong river. [applause]

In this atmosphere of affection and mutual understanding, I would like to invite all distinguished guests here to toast to the development, deep and wide, of Lao-Thai relations of friendship and cooperation. [end recording] [passage omitted]

Delegation Ends Visit, Departs

BK3011110393 Vientiane KPL in English 0704 GMT 30 Nov 93

[Text] Vientiane, November 30 (KPL)—A delegation of the Thai Parliament led By Dr. Krasae Chanawong, chairman of its International Relations Committee, on November 28, ended its 3-day long visit to Laos.

The visit was the first ever made to Laos by the delegation of the Thai Parliament Foreign Relations Commission. During its visit, this Thai delegation had talks with its Lao counterpart to exchange experience on the activities of the legislative body. This has contributed to the development of neighbourly relationship and cooperation between Laos and Thailand.

In addition, the delegation paid a courtesy visit to National Assembly President Saman Vi-gnaket, and Foreign Minister Somsavat Lengsavat. The head of the delegation also had a working meeting with Deputy Foreign Minister Souban Salitthilat, who is president of the Lao-Thai Border Committee.

The Thai parliamentary delegation also met with the officials of the Lao Chamber of Commerce and Industry and visited Luang Prabang Province.

Provincial Delegation Ends Visit to PRC

BK2611145793 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 26 Nov 93

[Text] A delegation of Laos' Oudomsai Province led by Sensaidi Pengpalechi, party secretary and governor of the province, ended a seven-day friendship visit to PRC's Yunnan Province on 22 November. The visit was in response to an invitation of He Zhigiang, chairman of the Yunnan provincial administration.

During its stay in Yunnan, the Oudomsai provincial delegation visited the Xishuang Banna region, Kunming city, and (Seno) region. Everywhere the delegation visited, it was accorded warm, friendly welcome by the leaders at all levels of Yunnan Province. In a meeting held with a delegation of Yunnan Province, the two sides informed each other of the situation about socioeconomic development in their respective provinces. During the visit, the Oudomsai provincial delegation also visited some businesses, technical institutes, and production establishments in Yunnan Province. The visit was intended to further strengthen the relations of friendship and solidarity between the Lao and Chinese peoples in general and between the peoples of Oudomsai and Yunnan Provinces in particular.

SRV Ethnic Delegation Meets Leaders, Departs

BK2911111193 Vientiane KPL in English 0756 GMT 29 Nov 93

[Text] Vientiane, November 29 (KPL)—Mr. Saman Vi-gnaket, president of the National Assembly, on November 27, met with the visiting delegation of the Ethnic Commission of the National Assembly of Vietnam led by its chairman, Y Ngong Niek Dam.

Mr. Y Ngong Niek Dam informed Mr. Saman Vi-gnaket [of] the results of the talks between the ethnic commissions of the two legislative bodies. Mr. Saman Vi-gnaket warmly welcomed the visit which he considered as a factor contributing to the enforcement of the special relations and allround cooperation between the national assemblies of the two nations.

In the afternoon of the same day, Mr. Y Ngong Niek Dam paid a courtesy visit to Mr. Maisouk Saisompheng, president of the Laos-Vietnam Friendship Association and president of the Lao Front for National Construction.

The president of the Ethnic Commission of the Vietnamese National Assembly and his delegation left here yesterday. Seeing the delegation off at the airport were Mr. Vongphet Saikeuyachongtoua, vice president of the National Assembly and chairman of the Ethnic Commission of the National Assembly. Also on hand was Vietnamese Ambassador to Laos Mr. Bui Van Thanh.

Philippines

President on APEC Summit, Regional Security

BK2911113993 Quezon City PTV-4 Television Network in Tagalog 0628 GMT 29 Nov 93

[Weekly news conference by President Fidel V. Ramos in English with unidentified domestic and foreign correspondents at Malacanang Palace in Manila—live]

[Excerpt] [passage omitted] [Correspondent] If I understand correctly, one of your main objectives in your trip to the U.S. was to achieve some sort of reorientation of a Philippine-U.S. partnership. After the trip, do you think this new orientation has been successfully achieved?

[Ramos] Yes, I would say so. I think the communique issued by President Clinton during our press conference on the 22d of November is quite clear and emphatic. It did say that we have a new basis for our relations which is partnership, economic cooperation. Our security concerns are still there because of our Philippine-U.S. Mutual Defense Treaty of 1951. But they are no longer based on the military bases agreement.

Likewise, he commended the Philippine record on the promotion of democracy, on our enhanced record on human rights, as well as the leadership we have taken in the protection of the environment. He also gave due recognition to the support and contributions of the huge Filipino-American community in the United States which we sought to consolidate so that they could continue to promote the interest of the United States which is now their homeland and also the interest of the Philippines which is their motherland, and it's very clear in that communique.

[Correspondent] You have some critics here.

[Ramos] I'll give you a copy of that, by the way, later on.

[Correspondent] I understand you have some critics at home here that are criticizing your respects [as heard] that you got from your trip to the U.S. This internal questioning, how successful your, [as heard] when you reported that you have some investments in the amount of $3 billion.

[Ramos] I'll give you a copy of my arrival statement. I think it's better stated that way so that we will not have any room for mistakes. It's there. I reported it to the nation, and you assess it.

[Correspondent] Thank you.

[Ramos] Thank you.

[Correspondent] Good afternoon Mr. President. Your trip to the United States has opened up a new relationship with the Americans on the economic side. But I think on the security side it would make the Philippines more dependent on the U.S. in terms of security, in terms of military equipment, in terms of strategy. Can you care to comment on this, Mr. President?

[Ramos] On the other hand we are not bound by any obligation other than to jointly operate in the defense of our common interests which is the security of the Philippines in so far as the Philippines is concerned. The U.S. also made a very clear statement that they will oppose any use of force in the South China Sea area, which is again very clear cut. We have not asked for anything other than what is already in the pipeline. In fact, it is well known to everybody that the amount of U.S. military assistance to the Philippines, specifically the Armed Forces of the Philippines has been declining substantially over the last three years, and we didn't ask for anything during that visit. Again, it's very clear in the joint communique or the communique during the last press conference on the 22d of November because there had been two separate statements. But I will provide you a copy of that.

[Correspondent] Thank you very much.

[Second correspondent] Good afternoon Mr. President. During your trip you met many people where you would have had good opportunity with regard to dealing with the debt problem of the Philippines and asking perhaps for some massive reduction like Poland and Egypt which received condonation of their debt. Could you explain, Mr. President, why, although it was understood at one point you would make this appeal or this request, in the end you never did.

[Ramos] Oh yes I did. During the APEC [Asia-Pacific Economic Cooperation] leaders' summit I was very vocal in asking the have countries to consider debt-for-nature swaps. Again, this is in line with the conclusion during the Earth Summit in Rio in June 1992. Also, the statements made by President Suharto in behalf of the Nonaligned Movement 107 country members, of which the Philippines is one, for debt reduction. But again here the main effort is to determine the creative and innovative approaches by way of debt-for- nature swap. The minutes also of the leaders' summit, if there is such a record, will show very clearly that I was the one who opened up on the subject and I was saying this in behalf of the developing countries among us in APEC.

[Correspondent] But on the most specific occasions where you have a one-on-one with President Clinton and where you had meetings with, I believe with, leading IMF officials, did you raise the question with these key players?

[Ramos] What we did was to ask the multilateral institutions as well as the highest authorities in the United States to consider the new policy intitiatives and economic reforms that we have already put in place. In other words, not to just look at the numbers but look at the new kind of business and economic environment we have tried to create in order to level the playing field of economic enterprise, thereby making us more capable to deal with the debt problem and to advance our economy.

[Correspondent] In the meantime, isn't the debt problem getting worse? It's now $34 billion?

[Ramos] But we are in a better position to pay for these debts because it's not just the total debt. Other countries, including the most capable, have debt volumes much bigger than the Philippines, and again it's a matter of ability to pay. I think you will recall that during the last year we were able to restructure the commercial debt, which is a very large component of the overall foreign debt.

Secondly, I think you are familiar with the fact that we used to utilize 34 percent of our export earnings just to service the foreign debt. That percentage is down to about 17 or 18 percent now. So we are in a better position to pay the debt.

[Correspondent] Can I ask one point? Was the matter of the Westinghouse case ever brought up during your visit?

[Ramos] No, that is in the hands of our negotiators and, let it be there.

[Correspondent] Are there any developments in that case?

[Ramos] I would suggest you go and ask [Energy Secretary] Mr. Lazaro.

[Correspondent] Sir, now that the ASEAN leaders as well as the U.S. President have warmly responded to your call for broader security arrangements in the region. Sir, can you now elaborate on your vision?

[Ramos] We are talking about security dialogues; formal arrangements not yet.

[Correspondent] Sir, can you elaborate now, Sir, on your vision or plans toward regional security?

[Ramos] Well, I think this is a vision shared by everybody. That first of all, in order for economic growth to be sustained in Asia and the Pacific, that there must be a long-term enduring condition of stability, security, and peace and order.

Now secondly, and this is where I came in very strongly with the debt-for-nature swap, you must have utilizable resources to feed your economic growth. Because even if you have security, if you do not have any resources to work with which should be on a sustainable basis, then how can you achieve economic growth? So that's the vision that we have. Again, those two main conditions of the conservation, the wise use and the enhancement even of our natural resources, plus an enduring condition of stability, security, and peace and order, are the basic conditions for the sustained development of Asia and the Pacific. [passage omitted]

NDF Urges Allies To Reject Sison's Leadership

BK2911120093 Manila THE MANILA CHRONICLE in English 25 Nov 93 p 9

[Text] Bacolod City—The National Democratic Front in the Visayas (NDF-Visayas) has urged all its allies to uphold the 1990 NDF [National Democratic Front] Congress and reject the "autocratic and feudalistic" leadership of the Jose Ma. Sison faction.

In a three-page statement, Vicente Pelobello, NDF-Visayas spokesman, said they oppose Sison's brand of leadership but would not want a split in the revolutionary movement. He signed with his "Armando Magbanua" nom de guerre. Pelobello said earlier this year, the Sison faction voided the proceedings of the 1990 NDF Congress and suspended the operation of the NDF national council, which action he branded as outright illegal and invalid. He said the Sison group adheres to the Stalinist leadership style which is intolerant of opposing views.

The Sison group, thus, must be blamed for the split in the NDF and the rebel movement, he stressed. Pelobello said if their rift becomes an irreparable split, it could also mean a new "bright future" for the revolutionary movement.

"It would not mean repeating genocide, terrorism and inhumanity of the Stalinist regime when revolutionary victory shall be ours," Pelobello said.

He lamented that even rebel priest Frank Fernandez had already become a non-entity, "his own mandate having been manipulated and nullified by the Sison faction."

Sison and his small group at the top are the real factionalists because they usurped the powers of the CPP [Communist Party of the Philippines] and the NDF national council and its executive committee, Pelobello charged.

Thailand

Deputy Premier Says U.S. Obstructing GATT

BK2911151593 Bangkok Radio Thailand Network in Thai 1200 GMT 29 Nov 93

[Text] Speaking to reporters at Government House this morning, Deputy Prime Minister Suphachai Phanitchaphak said that many GATT member countries are worried that the Uruguay Round of trade talks might (?not) be concluded by 15 December because the United States has attempted to raise the textile trade problem as a major topic of the negotiations and intends to protect its own market. In this connection, the United States has tried to exempt itself from complying with GATT conditions so that it can close its textile market for a period of 10 years. Moreover, the United States also wants to gauge the reactions from EC countries to see if they will come up with any favorable conditions.

Another important issue at this moment on which all countries must try to reach an agreement as quickly as possible is tariff reduction for agricultural products.

Asked about the prevention of market dumping practices, the deputy prime minister said that the Commerce Ministry is accelerating efforts to work out preventive measures. So far, Thailand has been suffering from market dumping, in particular petrochemical products, practiced by some countries. From now on, Thailand will use certain retaliatory measures against those countries which have been accusing Thailand of dumping certain goods on their markets and, at the same time, use its market-dumping preventive measures to increase its bargaining power in international trade.

U.S. Importers Seek Government Help on GATT

BK2911021593 Bangkok BANGKOK POST in English 29 Nov 93 p 32

[Text] American textile and garment importers want the Thai government to oppose the United States' initiative to extend the phase-out period for liberalising world textile and garment trade under the General Agreement on Tariffs and Trade (GATT).

As part of a deal with Congressmen who voted in favour of the North American Free Trade Agreement [NAFTA], President Bill Clinton is said to have promised to seek an amendment to the draft agreement on textiles in the Uruguay Round of GATT talks, extending the period for phasing out quotas from 10 to 15 years. The proposal has proved controversial with many participants in the round rejecting totally the possibility of renegotiating the draft.

The United States Association of Importers of Textiles and Apparel has made its case in a letter to Commerce Minister Uthai Phimchaichon, according to a ministry source. It seeks Thai cooperation in opposing any attempt to reduce the modest liberalisation of textile and garment trade negotiated as part of the Uruguay Round. Washington has yet to submit a formal request to back its proposal; it is still trying to round up support from other GATT members.

The Philippines supports the US position, saying such an extension would give it more time to assure markets for its developing textile industries.

The Commerce Ministry source said Indonesia may also back the US in exchange for Washington renegotiating intellectual-property protection. Indonesia wants to extend the period for bringing its patent laws into line with GATT rules from five years to 10 years.

The US association's manufacturing and retailing members account for some $40 billion in US sales annually and supply apparel from Thailand and other countries.

It said in its letter to Mr Uthai that the textile provisions of the Draft Final Act, the draft Uruguay Round agreement compiled in 1991, already delayed the full phasing out of the special Multi Fibre Arrangement (MFA), a quota system agreed to by importing and exporting countries, until the year 2005.

The phasing-out formula has been structured so that there will be no liberalisation of current MFA restrictions at all until January 1, 1998 and only a 7.3 percent phase-out by December 21, 2001. However, quotas are allowed to grow during the transition period at a rate slightly different from that allowed under the MFA. Despite that, it will be consistent with the MFA standard of 6 percent until the year 2002.

The association says there is no reason to further delay the integration of the textile and garment trade into the GATT.

"We believe that the extension of the phaseout period is not in the interest of Thailand or the US and we do not believe that the people of Thailand should be penalised to gain approval of NAFTA," the letter says. The association also fears that an attempt to reopen the Draft Final Act in this area could threaten the successful conclusion of the Uruguay Round itself.

Chuan Wants Military To Help With Development

BK2711024793 Bangkok BANGKOK POST in English 27 Nov 93 p 6

[Text] Phanurangsi Army Camp, Ratchaburi—With the successful completion of the Thai Engineering Battalion's work with the United Nations in Cambodia, the Prime Minister said he would assign a development role for the armed forces. Chuan Likphai said that he would ask the armed forces to contribute to state projects, especially infrastructure work which would help the country.

He was speaking at a welcoming home ceremony for 1,000 soldiers who took part in the peace efforts of the United Nations Transitional Authority in Cambodia

(UNTAC). UNTAC's mission ended with the formation of a coalition government in Phnom Penh on October 29. The last UNTAC troops left the country on November 15.

Key army officers including Army Commander-in-Chief Gen Wimon Wongwanit, Chief-of-Staff Gen Phaibun Emphan and Defence Minister Gen Wichit Sukmak and his deputy Maj-Gen Sombat Rotphothong attended the ceremony. The 1,000 soldiers wearing the blue berets of the UN peacekeepers, as well as 30 of the reputed Thai war dogs, paraded before the Prime Minister and senior officers. A senior monk blessed the troops.

Mr Chuan thanked the army commander, the director of the Army Engineering Department Lt Gen Narunat Kampanatsaenyakon, commanders of the first and second battalions Lt Col Wirasak Raksasap and Col Thanadon Surarak respectively, as well as the soldiers.

Gen Wimon said the Army would answer the Government's call for engineering soldiers to take part in its development projects. He said he was not concerned about the 150 million baht unpaid salary to Thai engineering soldiers and expressed confidence the United Nations would resolve the problem soon.

Maj-Gen Sombat said the Defence Ministry would seek Cabinet approval to use the Government's central fund to pay the Thai engineering soldiers who worked with UNTAC in Cambodia. He said UNTAC was still unable to pay wages totalling 192.5 million baht to the soldiers because it was still trying to collect funds from donor countries.

The Army had arranged a 50 million baht advance payment for the soldiers from its reserve fund, but Maj-Gen Sombat thought it was now necessary to borrow from the central fund as the troops had been waiting a long time. He hoped UNTAC would refund the wages later on.

The Thai troops helped repair airports, roads (Highways 5, 6 and 10) and bridges in Battambang and Kompong Chhnang, and assisted in mine-clearing operations. An army source said the UN was in financial trouble because member countries failed to pay US$270 million in contributions.

Lt-Gen Chea Mon, deputy commander of Cambodia's western region, and It Loe, deputy governor of Banteay Meanchey, were among foreign guests invited to the ceremony yesterday. Lt-Gen Chea Mon said he deeply appreciated the Thai Government's help in rebuilding Cambodia.

"Apart from reconstructing toads and demining, Thai soldiers also helped build three schools for Cambodian children," he said.

A Thai military officer quoted Lt-Gen Chea Mon as telling Lt-Gen Narunart during a meeting that the Cambodian Government would soon officially ask the Thai Government to continue its reconstruction work in Cambodia.

"They want us to help them reconstruct Highway 6 linking Sisophon and Siem Reap. They want our engineering soldiers to continue their work in Cambodia", said an army officer who attended the meeting.

Prasong Says Saudi Ties Showing Improvement

BK2711023993 Bangkok THE NATION in English 27 Nov 93 p 1

[Text] The Foreign Ministry, which has normally resorted to compromise when dealing with the Saudi Arabian Embassy, took a tougher line yesterday and hit back at Saudi special envoy Muhammad Sa'id Khuja following his defiant statements about ties between the two nations. Rebutting Khuja's claims that bilateral ties remained poor, Foreign Minister Prasong Sunsiri said Riyadh has shown that it wants to mend relations with Thailand.

"Bilateral ties between the two countries are improving," Prasong said. "There are signs from the Saudi side which assure me that things are getting better. Prasong cited a few indicators he believed and saw as Saudi Arabia's softer stance towards Thailand.

"Saudi Arabia has reprinted the word 'Thailand' on Saudi passports," he said. Saudi passports list countries its citizens can visit. The Arab nation had deleted Thailand from the back page of its passports, after a series of crimes involving Saudi diplomats and businessman here.

"This is a good sign," Prasong said.

Despite the Thai optimism, Khuja has frequently insisted that Thailand cannot expect an improvement in relations unless the criminal cases involving Saudi Arabia and its nationals are solved. The cases include some still-missing gems which were a part of an approximately Bt90 million worth of jewellery recovered from a Thai janitor who stole them from a Saudi palace and the 1990 killing of three Saudi diplomats. The case of a missing Saudi Arabian businessman is yet to be solved.

Khuja's confrontational style has pitted him against Thai officials and politicians. He lashed out at the Thai police and called politicians who criticized him "mosquitoes." But the Foreign Ministry has largely taken a soft approach towards the maverick envoy.

Rawi Hongpraphat, acting spokesman for the Foreign Ministry, said Khuja has "intimidated" Thailand too much.

"Part of being a good diplomat is to discuss problems in a proper manner," said Rawi. He added that Khuja might not have realized that Riyadh's direct signals to Bangkok indicated an improvement in relations.

"I wonder if he's aware that there has been some improvement in the relations on Riyadh's part," he said. He added that Riyadh has agreed to give re-entry visas to Thai workers on a case-by-case basis.

"Thailand has its own justice process charted in accordance with the democratic system it follows. So, whatever the results, one should accept it. It's impossible for an outsider to order the Thai judiciary how things should be done."

Detained Burmese Issue Denial; Bail Denied

BK3011014493 Bangkok THE NATION in English 30 Nov 93 p A3

[Text] Four Burmese students charged with the possession of war weapons have denied claims they are "international terrorists", and insist they are only dissidents fighting for democracy. They issued the denial yesterday in a two-page hand-written statement passed to reporters as they were being escorted into court by police.

The statement, addressed to "Thai authority, Thai people and international news agencies", said they had not planned to commit any violence on Thai soil.

"Our targets are only inside Burma, we have no plans to make any problem on Thai soil or other countries because (we) can't get any profit for our struggle," it said.

The four Burmese students were arrested when police raided a secluded house in the Makkasan area of Bangkok's Ratthewi district last week and allegedly found explosives, detonators, pistol ammunition and four woven hoods. They later told a press conference that they were freedom fighters and planned to use suicide bombs to kill General Khin Nyunt, the powerful secretary-general of the Burmese military junta, or State Law and Order Restoration Council (Slorc), and other generals during independence day celebrations in Rangoon on Jan 4.

Thai authorities subsequently publicly questioned their intentions and suggested they had intended to blow up the Burmese Embassy in Bangkok. Army Commander-in-Chief Gen Wimon Wongwanit and National Security Council chief Charan Kunlawanit both branded them "international terrorists".

In yesterday's statement, the four Burmese said the "Burmese military junta brutally cracked down (on the) 1988 nationwide uprising and before 1988...arresting, torturing, killing innocent people".

Ye Thi Ha, 28, Mya Zaw, 30, Nay Tun, 37, and Maung Maung Lay, 30, stressed in the statement they would "continue to struggle for democracy and human rights in Burma and to remove the military dictatorship from Burma completely."

They admitted that violence was one of their strategies to oust the military rulers, but denied allegations that they had conspired to sabotage the UN-Escap building and the Burmese Embassy. "This is very funny. We really don't know why they accused us like that," they said.

If terrorism meant a person who does not care who dies, who agrees with them, what they damage or what they destroy so long as it suits their desires, then the governments of Burma, China Iraq, Romania, Haiti, El Salvador would fall into this category.

Of these, Slorc was "the most brutal among them". "They are actually terrorists," the statement said.

Police said they would deny the four Burmese bail since they might flee the country. "And because the suspects are not Thai, we will deport them as soon as the case is closed," said an investigator.

[Bangkok BANGKOK POST in English on 30 November, in a similar report on page 3, adds: "The Criminal Court yesterday granted police an extension to the detention of four former Burmese students charged with illegal entry and illegal possession of firearms for further questioning."]

Central Bank Releases Half-Year Ex-Im Figures

BK2611044493 Bangkok Radio Thailand Network in English 0000 GMT 26 Nov 93

[Text] Thailand's export value in the first half of 1993 was estimated at 427.3 billion baht, representing an increase of 10 percent over the same period last year. According to the Bank of Thailand, during the six month period the export value of sugar and canned seafood decreased markedly due to the decline in sugarcane output and trade protectionism. Exports of agricultural products declined by 11 percent due to lower exports of rice and tapioca products.

Import value in the first half of this year was established to rise to 560.9 billion baht, an increase of 15 percent over the same period last year. Trade balance registered a deficit of 133.6 billion baht in the first half of 1993, an increase of 36.8 billion baht over the same period last year.

The central bank said economic activity between January and June this year was mainly underpinned by domestic demand, with a pickup in both consumption and investment.

Vietnam

Australian Foreign Minister on 3-Day Visit

Foreign Minister Meets Evans

BK2911153593 Hanoi VNA in English 1503 GMT 29 Nov 93

[Text] Hanoi VNA Nov 29—Foreign Minister Nguyen Manh Cam held talks here today with his Australian counterpart, Gareth Evans, who arrived here this morning for an official visit to Vietnam.

During the talks, Minister Nguyen Manh Cam welcomed the Australian senator's visit which, he hoped, would help strengthen the mutual understanding and trust, and contribute to promoting the friendly and cooperative relations between the two countries.

The two ministers informed each other of the situation in their respective countries and exchanged views on international and regional issues of common concern.

Minister Gareth Evans highly valued the achievements recorded by the Vietnamese people in their renovation process, especially in economic development. He noted with satisfaction at the further consolidation and development of the poltiical, economic, commercial and training cooperation between Australia and Vietnam which, he said, had big potentials to be tapped in the interests of each country and the region as a whole.

The two sides attached great importance to the long term cooperation between the two countries and expressed their determination to implement agreements agreed upon by the two countries' prime ministers.

They discussed concrete measures to strengthen bilateral relations in those aspects. They were of the same view to increase the exchange of visits for further mutual understanding. To this desire, the Australian side expressed its wish to send a delegation of some Australia's MPs and representatives to Vietnam with a view to compare notes on issues of common interests. The Vietnamese side expressed its readyness to negotiate on every issue on the basis of equal footing, mutual respect for each other's independence and sovereingty, and non-interference in each other's internal affairs.

Both sides held that the tendency of peace, stability and cooperation for the sake of development is increasing in the Asian-Pacific in favour of prosperity in each country and the whole region. They expressed their wish to make contributions to that tendency.

The talks was taken place in a frank atmosphere and mutual understanding. Australian Foreign Minister Gareth Evans invited his Vietnamese counterpart, Mr. Nguyen Manh Cam, to visit Australia. Minister Nguyen Manh Cam accepted the invitation with pleasure. The timing of the visit will be arranged through diplomatic channels.

Vo Van Kiet Receives Evans

BK2911153793 Hanoi VNA in English 1523 GMT 29 Nov 93

[Text] Hanoi VNA Nov 29—Prime Minister Vo Van Kiet received here this afternoon Australia's Foreign Minister Gareth Evans, now on a visit to Vietnam.

During the reception, Minister G. Evans informed Prime Minister Vo Van Kiet of the results of the talks held earlier between him and his Vietnamese counterpart, Mr. Nguyen Manh Cam. He noted with satisfaction that the two countries' cooperative relation was developing in many fields, especially following Prime Minister Vo Van Kiet's visit to Australia early this year. Minister Evans said he had strong impression on the Vietnamese land and people when coming back to Vietnam five years after his first visit and attributed those changes to the renovation policies currently carried out by the Vietnamese Government. Mr. Evans affirmed that Australia would find its economic development in Asia and the Pacific including dynamic and potential Vietnam. The Australian Government would help Vietnam bring back prosperity through cooperation programmes, the Australian foreign minister assured the Vietnamese Government leader, elaborating that those projects would include the construction of the My Thuan Bridge, oil and gas exploration and exploitation, and the building of water plants in Thanh Hoa (south of Hanoi) and Nha Trang (central Vietnam). This, G. Evans noted, did not only for economic target but also for contributions to the national reconstruction in Vietnam, where the Australian troops involved in the destruction war in the 1960s.

Speaking to his guest, Prime Minister Vo Van Kiet held that the Vietnam-Australia relations are being developed in a good way with many projects on healthcare, agriculture and personnel training. Minister Vo Van Kiet hailed Australia's foreign policies turning to Asia and the Pacific, and expressed his hope that the Vietnam-Australia bilateral relations would further develop in conformity with the [words indistinct] and the desire of the people in the two countries and the interests of peace, stability and development in the region and the world as a whole.

Prime Minister Vo Van Kiet and Australian Foreign Minister G. Evans reiterated the two countries' stance to close the past in the relations between the two countries and look forward to the future in order to strive for prosperity in each country for peace, stability and development in the region, which was described by the two leaders as the best way to safeguard the human rights as Vietnam and Australia desired.

Meeting With Party Leader Cancelled

BK3011104393 Melbourne Radio Australia in English 0630 GMT 30 Nov 93

[From the "International Report" program]

[Text] Australia's difficulties with its Asian neighbors are again in the spotlight, but this time it is the relationship with Vietnam. Australia's foreign minister, Gareth Evans, is presently on an official visit to Vietnam, but the trip has not gone entirely to plan.

A meeting scheduled between Senator Evans and the Vietnamese Communist Party General Secretary Du Muoi was canceled at short notice. But Senator Evans, who said on his arrival at Hanoi that it felt like coming home, denies he is being snubbed, but the meeting's cancellation follows his raising of specific human rights cases with other Vietnamese leaders. Christopher Kremmer filed this report:

[Begin recording] [Kremmer] Senator Evans arrived in Hanoi on a routine mission to cement the diplomatic and business lead Australa has built up through 10 years of hard slog in Vietnam, but fruits of befriending Hanoi while its ASEAN neighbors and the United States continue to see it as a pariah are just beginning to show.

With the BHP's involvement in the Big Bear Oilfield, Australia is set to become the largest foreign investor in the country. Senator Evans had more than five hours of talks with his counterpart, Nguyen Manh Cam, and Prime Minister Vo Van Kiet, focussing on security issues and Australian aid and business plans for increased ties, but the attention of the media was distracted when late in the day news came through that Communist Party Chief Do Muoi had canceled a planned meeting with the visiting foreign minister of one of Vietnam's closest friends.

Senator Evans accepted the official explanation of lack of time.

[Evans] Circumstances apparently have not made it possible and driving past the general secretary's building coming here, there is obviously a major delegation inside. All the lights are burning with cars everywhere, and so I am just assuming that the problem has been simply a shortage of time so far as the general secretary is concerned. It is not usual, I think, for foreign ministers to call on the general secretary.

[Kremmer] Vietnamese sources were divided on the implications of the cancellation. Some said these things happened; others said it was highly unusual. All agreed, however, that in raising the human rights issue persistently as it has done, Australia is touching on one of the most sensitive issues for the Vietnamese Government.

Prime Minister Vo Van Kiet revealed that old sensitivities still linger when he spoke to me after the cancellation, accusing some elements in the Vietnamese exile community in Australia of adopting a hostile attitude toward Hanoi.

[Vo Van Kiet in Vietnamese fading into English translation] I wish to persuade them from doing so, since in so doing they will harm the fine relationship between the two countries. And it does not correspond to their own interests either. [end recording]

Christopher Kremmer sent that report from Hanoi and he later spoke to Senator Evans:

[Begin recording] [Kremmer] You have had a difficult meeting, I suppose, on the question of human rights. Don't you get sick of having to carry your swag around Asia, raising these issues?

[Evans] No, I don't get sick of it at all. I mean what we are talking here are universal standards that have been adopted by all the countries from our region under the universal declaration and the covenants, and is a matter of giving them content. Now the best way of giving human rights content is by talking about it, raising those individual cases where there are obvious problems, and trying to put in place mechanisms for further discussion, dialogue, better understanding—generally moving again forward. I think we have been able to do that in relation to China over the last couple of years and, hopefully, here in Vietnam the atmosphere has now come to the point where we can do that also.

[Kremmer] But you yourself made the point that 60 percent of our trade now comes to this region, that we are hanging our security on what happens in this region, and we are not that big a country. Can we afford to keep running a gauntlet on these sorts of issues?

[Evans] Well, we have all just come back from the Vienna conference of human rights in which developed and developing countries found it perfectly possible to agree that human rights were a legitimate matter of international interest, that right across the whole spectrum of civil and political rights and economic, social, and cultural rights these were indivisible and entirely appropriately the subject of international attention. And I think there is a great consciousness, for example among the ASEAN countries, that the situation in Burma is in fact from this respect out of step with that prevailing elsewhere.

[Kremmer] Well, the Commmunist Party chief said that he was too busy to meet you. That is going to be interpreted as a snub. Were you snubbed?

[Evans] Well, that was always a floating appointment as far as I was aware and concerned, and when I have had two and a half hours of formal meetings and another hour and a half over lunch with the foreign minister, and a number of other ministers and vice ministers, and when I have had an hour and a half—a very amicable and effective conversation with the prime minister of the country—all of, both of whom are my natural interlocutors, rather than the party apparatus, then I think whatever the press might be minded to say, and whatever you might feel minded to say, I don't read it as such. [end recording]

Evans: Rights Delegation To Visit

BK3011012793 Bangkok BANGKOK POST in English 30 Nov 93 p 6

[By Suphaphon Kanwerayotin in Hanoi]

[Text] Vietnam has agreed to a visit in March or April next year by an Australian human rights "consultative" delegation which will probably include representatives of the overseas Vietnamese community in Australia, Australian Foreign Minister Gareth Evans said here yesterday.

The delegation, similar to two already sent on same purpose to China by Australia earlier, will be a mixed group of parliamentarians, experts, specialists, or perhaps non-government organisations, with a view to "understanding the situation, exploring the human rights situation or the ground, as well as the situation of some individual cases," Evans told reporters here yesterday.

Some in the 140,000-strong ethnic Vietnamese community in Australia have been vocal critics of Hanoi's policy which they say suppresses religious freedom and dissidents.

Earlier, Vietnam had rejected a proposal for an "investigative" human rights mission from Australia. Evans yesterday explained what he meant by a "consultative" mission, to which Vietnam has agreed.

The Australian Foreign Minister, on an official visit to Vietnam which will also take him to Hue and Ho Chi Minh Citt where he had asked and hoped to meet with representatives of the Unified Buddhist Church and the Catholic Church, held talks with his Vietnamese counterpart Nguyen Manh Cam and Vietnamese Premier Vo Van Kiet here yesterday.

With human rights a key topic of his talks here, Evans said he found "philosophical differences of outlook" between the Australian and Vietnamese views—differences which require "rational, calm, and moderate" discussions. He said he expectd the present delegation to pursue such discussions.

While details regarding the programme and objectives of this consultative delegation are left to be further worked out, Evans expressed confidence that this proposed delegation will be able to carry out its mission successfully.

At the same time, he has raised concerns about individual cases such as that of Doan Viet Hoat the jailed dissident who started the Freedom Forum publication.

"We are concerned by the continuing problems that have been articulated by the Catholic Church in this country, similarly with the Unified Buddhist Church and some of the issues that have been the sources of difficulties, including the May incident in Hue... These are all well-known issues, ones which I think do justify detailed discussions, considerations, and I look forward to that being able to take place in the context of this delegation next year," he said.

The Foreign Minister emphasised that the delegation is not "in tbe business of rushing around making accusations," but will listen to the Vietnamese point of view and what Hanoi perceives its position to be in the human rights question, and how it implements the international governance and declarations on this matter.

Evans To Leave Hanoi for Hue

BK3011061093 Melbourne Radio Australia in English 0500 GMT 30 Aug 93

[Text] Australia's foreign minister, Senator Gareth Evans, is due to leave Vietnam's capital following yesterday's cancellation of a planned meeting with the Communist Party chief, Du Muoi. Christopher Kremmer reports from Hanoi that Sen. Evans flies to the former imperial capital, Hue, where Vietnamese Buddhists have been resisting state control of the church.

[Begin Kremmer recording] Some Vietnamese leaders like Prime Minister Vo Van Kiet seemed ready for a dialogue with Australia on the vexed human rights issue, but the cancellation at short notice of Sen. Evans' meeting with Communist Party, Du Muoi, indicates that others are not. By visiting Hue, Sen. Evans goes to the heart of efforts by Vietnam's unofficial Buddhist church to resist state control. Four monks there were recently jailed. He says he has gaps in his program and is interested in meeting religious people, if possible. [end recording]

Commentary Reviews Relations With Australia

BK2911142193 Hanoi Voice of Vietnam in English 1000 GMT 29 Nov 93

[Station commentary]

[Text] Australian Foreign Minister Gareth Evans arrived in Hanoi on Monday for a three-day official visits to Vietnam. The event proves how relations between Vietnam and Australia keep developing. Following is our radio comment on this visit to Vietnam as well as on relations between the two countries.

This is the second visit to Vietnam by Australian Foreign Minister Gareth Evans. The first visit was in 1989. As a country with an economy ranked the 11th in the world, Australia now is focusing its international relations with Asia, especially the Southeast Asia. Since last year, Australia has opened foreign representative offices in Japan, and has broadened its activities in Indonesia and China. Worthy of note is that recently Australia has assisted and encouraged Vietnam to participate in activities in the region. Australia has supported Vietnam to attend regional dialogue. During this visit by Foreign Minister Gareth Evans, Australia will continue its efforts to promote the process of joining in (?regional) activities of the two countries.

The visit, of course, will help promote the cooperative relations between the two countries. Trade relations between Vietnam and Australia continue to develop steadily. Australian companies are becoming more dynamic in Vietnam. At present, Australia ranks the fourth in the list of foreign investors in Vietnam after Taiwan, Hong Kong, and France. In recent years, total two-way trade turnovers have increased over 40 times. Together with the establishment of Australian businesses in Vietnam, Australia has worked out a program to assist Vietnamese producers to sell their products in Australia.

Progressive development in bilateral relations is also shown in the signing of a number of important agreements. The two countries have signed agreements on economic and trade cooperation, on investment protection, and on avoidance of double taxation. In the field of oil exploration, Australia has actively cooperated with Vietnam by building infrastructure. Vietnam also received assistance from Australia in the preservation and rehabilitation of its cultural relics and architecture of Hanoi. It is clear that this visit to Vietnam by Foreign Minister Gareth Evans will be a vivid symbol of the bright future of relations between Vietnam and Australia.

Ranariddh's Rejection of Khmer Rouge Applauded

BK2711025693 Hanoi Voice of Vietnam in English 1000 GMT 26 Nov 93

[Station commentary]

[Text] The first Cambodian premier, Ranariddh, has rejected to grant a position in the Cambodian Government to the Khmer Rouge. This stance is totally supported by Western countries. Following is our radio comment on this issue:

Premier Ranariddh's reject of the Khmer Rouge's role in the Cambodian Government was made in accordance with the new Constitution adopted by the Cambodian National Assembly. The Constitution says that members of the government have to belong to political parties in the National Assembly. Article 100 of the Constitution (?prohibits the appointment of) those who are not elected to the assembly to be members of the government. And as a matter of fact, it is impossible for the Khmer Rouge to have a position in the government as it had boycotted the election held by the United Nations in May. Furthermore, the Khmer Rouge still refuses to disarm its forces and to handle the government the areas under its control.

Seriously still, the Khmer Rouge keeps strengthening its military activities against the daily life of the ordinary Cambodian people and threatening the country's peace and security. Last weekend, the Khmer Rouge conducted attacks on the Cambodian Royal Army in Preah Vihear, Siem Reap, Kompong Thom, and Kampot Provinces. So far, the Khmer Rouge could not win the credibility among the Cambodian people as well as the world public as they can never forget the crime committed by the Khmer Rouge against the Cambodian people, let alone the recent massacres against Vietnamese residents in Cambodia. There is no denying that its faults could not bring back peace and stability to its people and its nation. And who could not win credibility among the people and the world cannot have a position in the Cambodian Government. And it is reasonable for Premier Ranariddh to refuse to grant a position in the government to the Khmer Rouge.

Greetings Sent to 'Arafat on PLO Anniversary

BK2811145793 Hanoi VNA in English 1449 GMT 28 Nov 93

[Text] Hanoi VNA November 28—'We once again affirm the Vietnamese people's persistant solidarity and support for the Palestinian people's just struggle for their fundamental sacred national rights' so said Lieut. Gen. Nguyen Nam Khanh, president of the Vietnam Committee for Solidarity with Palestine in his message of greetings to Yasir 'Arafat, president of Palestine and chairman of the Executive Committee of the Palestine Liberation Organisation (PLO) on the 46th anniversary of the international day for solidarity with the Palestinian people (Nov. 29).

The message said: 'As a close friend of the Palestinian people, the Vietnamese people have always followed the Palestinian people's struggle with deep feelings. We note with satisfaction at the achievements recorded by the Palestinian people under the leadership of the PLO headed by President Yasir 'Arafat over the past years and welcome the agreement signed between the PLO and Israel on September 13, 1993.'

Cooperation Agreement Signed With India

BK2711070593 Hanoi VNA in English 0556 GMT 27 Nov 93

[Text] Hanoi VNA Nov. 27—An agreement on a cooperation program in science and technology for the 1993-96 period between Vietnam and India has been signed in New Delhi, India.

The agreement was made during a 3-day visit to India by a delegation of the Vietnam National Centre for Natural Science and Technology (NCST) by its director Prof. Academician Nguyen Van Hieu.

While in India, the Vietnamese delegation held talks with a delegation of the Indian Council of Scientific and Industrial Research (CSIR) led by its Director-General Dr. S.K. Johal on the results of their cooperation over the past years, and in the years to come focussing on research in new materials, biotechnology, natural products, chemistry and technology transfer.

The Vietnamese delegation also toured some agencies of the CSIR in New Delhi, Calcutta and Jamshedpur.

Visa International Establishes Operations

BK2911140293 Hanoi Voice of Vietnam in English 1000 GMT 29 Nov 93

[Text] The American credit company Visa International has established operation in Vietnam despite official restrictions on trade with the country. Mr. (Charles Russell), the credit card company's president and chief executive officer, said that credit card companies were largely overlooked by central bankers.

Australia

Editorial Views 'Vital' Indonesian Link

BK2511130493 Sydney THE AUSTRALIAN in English 6-7 Nov 93 p 14

[Editorial: "Why Jakarta Is Vital To Our Interests"]

[Text] By the year 2020 the Chinese economy alone will be as large as the United States, a united Korea will have an economy about the same size as Germany and the Indonesia economy will be as large as any in Europe outside Germany. The total output from East Asia will equal that of Western Europe and North America combined. These projections, recently offered in a speech by Professor Ross Garnaut, demand attention from Australia in its own national interest. The issue they pose is what place Australia will occupy in this emerging dynamic of East Asian economic and political power.

If there is one nation in which this challenge for Australia is best highlighted then it is surely Indonesia. As our former ambassador to Indonesia, Richard Woolcott argues in this week's Focus section, Indonesia as the largest, most resource-rich, most influential nation within South-East Asia will loom only larger in Australia's political fate. Jakarta was the first foreign capital Paul Keating visited as prime minister. "The simple geopolitical reality," says Mr Woolcott, "is that a stable, prosperous Indonesia is of enormous importance to Australia".

Good relations with Indonesia are a precondition for Australia's projection into Asia. No Asian nation would support Australia in any political crisis with Indonesia. While the official Australia- Indonesia relationship is now as strong as ever, there is a worrying gap between the official view and the popular misconception. Indonesia, lying across vital air and sea routes, is a nation archipelago of more than 180 million people and hundreds of distinct ethnic groups and languages. Unsurprisingly, it has not always been stable during its short history of independence. But the military regime that emerged in 1966, under President Suharto, has pursued political stability and presided over a remarkable economic transformation. In the world's largest Muslim nation, that faith has been wedded to an ethic of modernisation and technology. Its military forces are structured for security within the archipelagic empire, and for northern defence, and do not represent a threat to Australia. In the post Cold War era, Indonesia has showed a keen concern for regional stability.

Australia supported Indonesian independence at the critical moment. The Suharto years from 1966-1975 were mostly cordial. In 1975 Indonesia invaded East Timor. Relations between Canberra and Jakarta have, from time to time, been strained by the question of East Timor, and an added burden has been Indonesian discomfit with the style and nature of reportage in the Australian media. These have not been insignificant problems but the key point is they could have been better handled in a bilateral relationship that had greater maturity. The trouble was we were neighbours on a map with few natural affinities of culture or history.

However, significant changes are afoot. In the 1980s, both nations began to liberalise their economies and orient them for export. Senator Evans and his counterpart, Mr Ali Alatas, developed a close working relationship. In signing the Timor Gap treaty, the neighbouring nations created a symbol of how patient diplomacy and tangible economic interest can reinforce each other in a more solid bilateral relationship. With one eye on the fragile system of world trade, Canberra developed the Asia-Pacific Economic Co-operation forum as a vehicle for projecting Australian interests and for integrating the US, Japan and the rising Asian economies. In this venture, Indonesian co-operation remains vital. The same goes for regional security, from the Cambodian peace process to the building of post Cold War mechanisms for dialogue.

A vast regional opportunity awaits Australia. At this stage Indonesia is only our 11th largest trading partner. But bilateral trade has reached an annual $3 billion, and is growing fast. As the Indonesian middle class expands, so will demand for infrastructure, manufacturing inputs, value-added goods and services.

But much of the Australian public, as Mr. Woolcott laments, are not aware of the potential. Until there is widespread public appreciation of the importance of Indonesia, a truly mature relationship will be difficult to sustain. Unfortunately, public attitudes are influenced by pressure group hostility to Indonesia. This hostility is often manifest in misconceived claims about human rights violations. Indonesia is not alone in being a country with rapidly growing population, poverty, a recent history of political turmoil and racial tension, and a difficult balance to strike between individual liberty and general welfare. Sometimes, as in East Timor, the balance is upset.

But any response from Australia must also be balanced by realism and a sense of history. The liberal democracy established here was the outcome of many centuries of European political evolution. It should not be surprising, as Professor Garnaut points out, that the many ancient civilisations of Asia seek different paths of political and social development. Yet those paths may still lead to common goods recognised by European development: reduced poverty, government in the common rather than sectional interest, a gradual expansion of pluralism. If western critics of Asian human rights cease to confuse universal ends with culturally diverse means to achieve them, Professor Garnaut says, they would be "less raucous and less active than in the past, although no less committed to ultimate values of liberty and democracy".

And where representations on human rights need to be made, a nation like Australia must strive for most effect. Confrontation will not work: geopolitics and regional regimes would favour Indonesia. Yet if we maintain a policy of constructive engagement, and eschew hostility, we have a much better chance of being heard. At the same time, Australia thereby protects its own national interest and helps Indonesia to continue the economic development which, in the longer term, will increase the influence of a liberalising middle class.

3d Quarter Figures Show Modest Economic Growth

BK3011034893 Melbourne Radio Australia in English 0500 GMT 30 Nov 93

[Text] There are more signs of continuing economic recovery in Australia. The economic growth slid back to a modest 0.3 of a percent in the September quarter. Linda Mottram reports new figures summarizing the nation's economic position show gross domestic product has now been on the rise for eight consecutive quarters.

[Begin Mottram recording] The quarterly national accounts prepared by the Australian Bureau of Statistics show gross domestic product rose by a seasonally adjusted 0.3 of a percent in the three months to September, compared to 0.8 percent growth in the June quarter. That puts Australia's annual growth rate at a healthy 3.3 percent, above the government's forecast for the year of 2.75 percent. Trend figures confirmed consistent, if volatile, growth. Contributing to the September quarter result was a modest rise in consumer spending of just under half a percent as well as rising private capital spending and increased exports against a slower increase in imports. [end recording]

Oct Trade Deficit Rises to $1.26 Billion

BK2911101293 Melbourne Radio Australia in English 0500 GMT 29 Nov 93

[Text] Australia's trade deficit has increased, according to the latest monthly figures from the National Bureau of Statistics. Linda Mottram reports the October figures of $1.26 billion [Australian dollars] was roughly in line with market expectations. She says the October shortfall in Australia's balance of trade was 17 percent greater than the previous months. Imports were down by four percent, seasonally adjusted, but exports also fell by three percent.

The news comes after a revision released late last week by the Bureau of Statistics of the trade position over the past three months. That revision marked the trade deficit down by 13 percent for the period to just over $3.8 billion. When fed into the latest quarterly figures on Australia's overall economic performance, the national accounts, to be released later this week, it is expected the result will be another quarter of economic growth in Australia, but probably less than many economists expected.

Federal Treasurer John Dawkins says the figures offer further evidence of continued improvement in Australia's balance of payments position. Mr. Dawkins says the provisional trend estimate for the October current account deficit is the fifth successive monthly fall and the lowest monthly trend estimate for the deficit since January.

The treasurer also notes that for three of the past four months, the balance of goods and services has been virtually in balance or better.

Trade Report Shows Improved Export Performance

BK2411070893 Melbourne Radio Australia in English 0500 GMT 24 Nov 93

[Text] A new Australian Government report has confirmed the country's increasing international competitiveness with an improving export performance despite difficult global trading conditions. Linda Mottram reports the Department of Foreign Affairs and Trade has pinpointed manufacture as the most dynamic export sector.

[Begin Mottram recording] The department's quarterly economic and trade review says the Australian economy is increasingly open and internationalized, with trade growing more strongly than output. It records a marked increased in the share of exports in gross domestic product, noting that in volume around one fifth of all Australian output is now destined for export, almost half as much a gain as in the early 1990s. The review also notes the role of exports in sustaining domestic economic activity during the 1990-91 recession. The destination of Australia's exports continue to shift toward Asia. According to the review, North Asia received 44 percent of Australian exports last financial year, while Southeast Asia received around one-seventh and Southeast Asia overtook Western Europe as the regional destination for Australian products. The review also found that since the mid 1980s only some East Asian economies recorded faster trend growth in the export of manufacture than did Australia. [end recording]